Daily Report

Latin America

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FBIS-LAT-95-043 *6 March 1995*

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Four States Issue Declaration on U.S. Drug Report

PA0403180395 Madrid EFE in Spanish 1654 GMT 4 Mar 95

[FBIS Translated Text] Santa Fe de Bogota, 4 Mar (EFE)—Following is the text of the declaration issued today by the presidents of Bolivia, Colombia, Paraguay, and Peru on the counternarcotics report issued by U.S. President Bill Clinton and presented to Congress on Wednesday.

The declaration was released jointly by the governments in Asuncion, Bogota, La Paz, and Lima.

Declaration:

Regarding the annual report presented on 1 March to the U.S. Congress by the Clinton administration on the status of the counternarcotics effort in our nations, the presidents of Bolivia, Colombia, Paraguay, and Peru state the following:

First: The U.S. Administration's recognition, even if it is partial, of the efforts that our nations are making against drug trafficking proves that we must continue to work together in this task, which commits all mankind.

Second: Some of the criticisms against us are inexact and unfair and demonstrate that we must still overcome incomprehension and ignorance so the struggle in which are involved can be, as we all want, as successful as possible.

Third: As established in the 1988 Vienna Convention, the counternarcotics effort is a shared responsibility, and under no circumstances have the countries we represent eluded nor will they elude their contribution to it.

Fourth: Today, in view of the increase in the production and use of drugs, we call for a new inter-American counternarcotics summit in 1995 to recover the spirit of cooperation that inspired the 1990 Cartagena de Indians (Colombia), the 1992 San Antonio (U.S.), and the 1994 Miami (U.S.) summit meetings.

[Signed] Gonzalo Sanchez de Lozada, president of Bolivia
Ernesto Samper Pizano, president of Colombia
Juan Carlos Wasmosy, president of Paraguay
Alberto Fujimori, president of Peru

Cardoso, Frei Discuss Peru, Ecuador Dispute

PY0403031595 Lima Global de Television Network in Spanish 0130 GMT 4 Mar 95

[FBIS Translated Excerpt] In Santiago, Chile on 3 March, Chilean President Eduardo Frei and Brazilian President Fernando Henrique Cardoso signed a joint declaration reasserting their countries' will, in their capacity as guarantor countries, to find definitive peace for Peru and Ecuador within the framework of the Rio de Janeiro Protocol.

In the meantime, the Argentine, Chilean, and U.S. delegations that will form the definitive mission of observers to travel next week to the Peruvian-Ecuadoran conflict zone began arriving in Brasilia.

In a five-page document, the presidents of Chile and Brazil reasserted the will of their respective countries, in their capacity as guarantors of the Rio de Janeiro Protocol, to contribute to finding a lasting solution to the border conflict between Peru and Ecuador.

Toward this end, the two presidents deem essential the complete respecting of the Itamaraty Peace Declaration signed on 17 February and ratified in the Montevideo Declaration. The two presidents publicly disclosed this document during the meeting held today in the Chilean capital.

In Brasilia, the Brazilian Foreign Ministry stated that between today and tomorrow the delegations of Argentine, Brazilian, Chilean, and U.S. military officers and experts that will comprise the definitive mission of the guarantor countries scheduled to travel to the Peruvian-Ecuadoran conflict zone on 9 March will have gathered.

Brazilian General Candido Vargas de Freire, secretary general of the Army ministry, will be in charge of coordinating the mission. Vargas de Freire will replace General Ariel Pereira da Fonseca, who headed the preliminary group of guarantor representatives. [passage omitted]

New Coordinator of Observers to Conflict Named

PY0303213195 Madrid EFE in Spanish 1701 GMT 3 Mar 95

[FBIS Translated Excerpt] Brasilia, 3 Mar (EFE)—Official sources today confirmed here that Brazilian General Candido Vargas de Freire, Army Ministry secretary general, will be coordinator of the mission of international observers who will travel on 9 March to the conflict zone between Peru and Ecuador.

Gen. Vargas de Freire is replacing General Ariel Pereira da Fonseca, coordinator of the first reconnaissance mission. Gen. Pereira da Fonseca had placed the mediator countries in a difficult situation by having praised Peruvian soldiers before the television cameras.

Brazilian Government officials do not admit that the change is due to the unfortunate statements made by Gen. Pereira da Fonseca. They claim that the change is due to the fact that the new group of observers will be made up of higher-ranking officers.

"This is why a division general was chosen, because he has one more star than Gen. Pereira da Fonseca, who is a brigade general," a military source reported.

Gen. Pereira da Fonseca admitted that he had praised the courage of the Peruvian soldiers, but also that of the Ecuadoreans, given the conditions in which the combat is taking place in the jungle area of the Condor Mountain range.

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The confusion created by Gen. Pereira da Fonseca's statement caused diplomatic uneasiness and a protest by Ecuador. The latter questioned the impartiality of the guarantor countries of the Rio de Janeiro Protocol of 1942, which established the border between the two Andean nations.

According to the Brazilian Armed Forces General Staff (EMFA), Gen. Pereira da Fonseca cannot leave Brazil for 90 days—which, according to estimates, is the period of time the new mission of observers will remain in the zone—because he is EMFA deputy commander as well as the person responsible for security and espionage matters.

The Army Social Communications Center reported that Gen. Pereira da Fonseca, "who is a very respected officer within the force," cannot coordinate the mission because he is a brigade general."

"He was appointed only as chief of a reconnaissance mission to survey the area and plan the observation mission," the source said.

The Brazilian foreign minister said today that the mission will depart on 9 March and the Argentine, Chilean, and U.S. military experts will arrive in Brasilia today and tomorrow. [passage omitted]

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Cuba

Commentary Criticizes U.S. Certification Process

PA0603044595 Havana Radio Havana Cuba in Spanish 0000 GMT 5 Mar 95

["Our America" commentary by Amalia Sanmartino from the "Evening Information Review" newscast]

[FBIS Translated Text] The extension of anachronistic and ultrareactionary U.S. policies beyond that country's border has again been the source of irritation for countries and governments in Latin America.

The issue has been a favorite over the past few years, blatantly used to meddle in the domestic affairs of other nations: It is the much debated issue of drug trafficking.

As if Latin America were a big school that must be periodically supervised, the United States checks on the domestic affairs of the Latin American countries to decide whether it can award them a good behavior certificate that eventually could determine the granting of new credits.

U.S. authorities have already taken advantage of the difficult Mexican situation to pressure that country so it can snatch away commitments that would endanger Mexico's sovereignty.

The United States is also using this policy to corner Costa Rica and to harass several South American nations, although in the latter case it is using the drug-trafficking issue.

Paraguay, Bolivia, Colombia, and Peru are, according to the United States, on a list of countries that do not adequately fight drug trafficking. Paraguayan Foreign Minister Luis Maria Ramirez said he was surprised and annoyed by the U.S. attitude, which disregards his country's efforts to fight drug trafficking without any kind of aid from a large and powerful country such as the United States.

For days there has been evidence of the humiliation and annoyance that the U.S. criticism of the counternarcotics effort has caused in Bolivia. In Colombia, Government Minister Horacio Serpa has used the strongest terms against the U.S. attitude. He said: The United States does not have the moral authority to grant certification to those who fight drug trafficking. He added: The nation to the north has 30 million drug consumers, which almost equals Colombia's population. He noted: Marijuana plantations in U.S. territory are twice as large as that of corn, which is the largest legitimate crop in that country. The minister added: However, there is no report of the eradication of one single marijuana plant in the United States. There, just like here, there are drug bosses that are not captured, he affirmed.

Nobel Prize winner Gabriel Garcia Marquez has pointed to the scarce U.S. counternarcotics aid and said it is disgraceful that for $16 million Colombia should subject itself to a humiliating good behavior certification issued by another country, even more so if we realize that the struggle against drug trafficking could be used as an instrument for undermining our sovereignty.

The champion of this new counternarcotics crusade in other countries is, of course, Senator Jesse Helms, who perhaps could play a better role if he were to concern himself with the many problems the United States exports to other countries, including the demand for drugs, one of the reasons why drug trafficking cannot be completely checked in our countries.

Latin America does not need good behavior certificates from the United States but fair and honest cooperation. Our nations do not need inspections; they need cooperation and bilateral efforts to fight drug trafficking.

Latin American governments are rightly offended by Washington's invocation of its national interests to meddle in the domestic affairs of its neighbors to the south.

In sum, the Latin American region needs more support, but without blackmail. At the risk of sounding skeptical, it is very unlikely that this position will be adopted by the current U.S. Administration, which in the face of a Republican majority in Congress has gone back to the absurd positions held 50 years ago.

Robaina Meets Argentine Foreign Minister

FL0403021695 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina met with Argentine Foreign Minister Guido Di Tella. The meeting took place during a stop in Buenos Aires enroute to Cuba, following Robaina's attendance at President Julio Maria Sanguinetti's inauguration in Uruguay.

Robaina told the press that Cuba and Uruguay are trying to establish a new type of relationship, based on premises that would benefit both countries.

Federation of Cuban Women Meeting Continues

Delegates Stress Role of Media

FL0303180395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 3 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Although the delegates to the Sixth Congress of the Federation of Cuban Women [FMC] believe that some progress has been attained, they are still not pleased with the image and presence of women in the media. They argue that the image is still distorted and focuses on old stereotypes.

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[Begin recording] [First unidentified speaker] It also points out that this image of women still has to reach the entire scope and richness of the transformations taking place, and the difficulties and contradictions of today's life where women play an important role. [end recording]

As result of the debates, delegates recommended that the FMC ensure that a coherent focus on women is maintained in the national media, and for the media to improve the handling of family issues, and for the image of women to match its role in the social, economic, and political life of the nation.

[Begin recording] [Second unidentified speaker] We seek to strengthen the worth of our women of yesterday, to know more and to reinforce the moral and ethical values of our women throughout our history and particularly the values of today's women, of that woman who on a daily basis confronts all the problems of the special period.

[Third unidentified speaker] To promote the creation of an advisory council with great authority, like others in our country. In our nation we have plenty of education and professionalism, thanks to the Revolution, to avoid as much as possible exporting a distorted, stereotyped image of our women.

[Fourth unidentified speaker] I believe that the way to handle the media, without dismissing that it deserves some criticism, is to seek to win the media over and to present proposals in those meetings that transcend the meeting. When we contact the media with proposals that do not transcend the meeting, we run the risk that the meeting is all that will be remembered.

[Fifth unidentified speaker] We believe that in order to achieve an efficient press coverage, it is necessary for the FMC to show initiative and creativity. If, as a women's organization, we are able to stress to the media new and concrete ideas to motivate them to join us, we are sure we will become a priority for the media. [end recording]

Following tomorrow's elections, the new national committee and secretariat will be announced. The final declaration of the congress will also be analyzed and approved tomorrow.

Goals, Priorities Discussed

FL0303192195 Havana Radio Reloj Network in Spanish 1502 GMT 3 Mar 95

[FBIS Translated Text] The last day of sessions of the Sixth Congress of the Federation of Cuban Women [FMC] began this morning at Havana's Convention Center with the attendance of Army General Raul Castro, second secretary of the Central Committee of the Communist Party of Cuba. Among topics debated in yesterday's session were a need to [words indistinct] the conditions that the country is currently going through, and the FMC's efforts in areas of prevention, education, health care, and social work in general. In that manner, the delegates insisted on the need to continue perfecting the characterization of each neighborhood with the aim of establishing priorities that will allow for a more effective work in each FMC delegation. Today, Friday [3 March], the conference will close with the presentation of the new FMC national secretariat.

Raul Castro on Equal Military Rights

FL0403005095 Havana Tele Rebelde Network in Spanish 1730 GMT 3 Mar 95

[Report by Julio Acanda on the Sixth Congress of the Federation of Cuban Women; from the "NTV" newscast]

[FBIS Translated Text] Just moments ago, Army General Raul Castro made reference to the promotion of women to high-ranking positions. We have access to that moment in the congress.

[Begin recording] [Castro] There is a delegate here who has just sent me this message. She signed it Orlanda or Orlaida. Where are you? I want to see where to point my canons. [crowd laughs] Where are you from? What?

[Orlaida] Arroyo Naranjo Municipality, Havana City.

[Castro] Very well, sit down. The note reads: Dear General, you are the person most aware and the right person to ask—Why are there no female generals in the Revolutionary Armed Forces [FAR] or the Interior Ministry? [crowd laughs] Why are there no female vice ministers? [Castro and crowd laugh] [applause] Then, between parentheses, she adds that this is not for the assembly; it is just for my information. Just moments ago, while Nieves was reading the proposed bill regarding the advancement of women, I turned around and said to Alicia, another comrade, that we must write down on this document that in (Coden)—that is the national defense school—there are two women. I think that is the first time this has happened. That school is where one goes [word indistinct] to study military issues, for one year. This is the FAR's academy. Future cadres from all parts of Cuba, and from all organizations—including the Communist Party of Cuba and youth movements—attend this school. There were only 30 students. You would think that the first to attend would be the first secretaries of the PCC in each municipality and province, of course. These are the presidents of defense councils. Those cadres should attend this school. However, after calculating... [pauses] It is not something of a military nature; it refers to all sorts of economic, strategic, and political issues. With a very simple method [passage indistinct] I gave instructions to the general staff's commander. It would take until the next century to increase the number to 60. The study groups are no larger than 30 people. Currently, there are 60. I gave further instruction that in two years—giving the necessary time for the officer's training, as well as for a minimal amount of maturity—this number should

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increase to 90. I have been studying the new proposals for the next course and have noticed that there are five organizations—four state organizations and one mass organization—that have never nominated anyone. That mass organization is the FMC [Federation of Cuban Women]. That is why there are no female generals or vice ministers. [crowd laughs] Cadres must be trained. Even within the armed forces—even though we still do not have female generals—a commander who is promoted one grade within the same chain of command, according to the level this involves, can be trained for months before taking over that position. Of course, once he takes the position, there is a lot of paperwork involved because it must be clear what the new officer inherits, what his predecessor's responsibilities were. Many times when a man takes over another's job, he starts in only 24 hours. So this issue is very important. We must continue to highlight this: women and blacks. Without even being aware of it, we carry in our minds what I call those old Jesuit-type concepts. [applause] Well, we will bear in mind what Orlaida has brought up. Do not think it was easy to introduce women into the armed forces. Even there we have our [word indistinct]. I was one myself, its true. Good thing that... [crowd laughs] Machismo. They invented thousands of excuses. We finally got women into all the military cadet schools. There was only one school without a woman cadet and that was the combat aviation school. We even put to them into tank units, and we supported them. [applause] Send young women to the (Coden); the age limit is 35 years, but we can make one or two exceptions in the case of women. [applause] [end recording]

Roundup of Politburo Members' Activities

FL0303180895

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 3 Mar 95.

Alfredo Jordan, minister of agriculture, praised the Institute of Veterinary Medicine for being the first nation to eradicate a viral disease effecting rabbits in less than one year, and said that the Cuban veterinary medicine system has been praised by experts and animal health organizations all over the world. (Havana Radio Reloj Network in Spanish 2038 GMT 23 Feb 95)

Maria de los Angeles Garcia presided over the reopening of the remodeled Cuban Postal Museum in Havana as part of ceremonies marking Communicators Day and in honor of the museum's 30th anniversary. Havana historian Eusebio Leal also participated. (Havana Radio Rebelde Network in Spanish 0000 GMT 24 Feb)

Alfredo Jordan, Politburo member and agriculture minister, chaired the main graduation ceremony of over 8,700 agricultural technicians held at Yuri Gagarin Polytechnic Institute in Caimito, Havana Province. Jordan called on the graduates to ardently join in the struggle for more efficient food production with lower costs, and told them they are concluding their studies at a historic moment, due to the momentous changes in the Cuban economy, and especially in the agricultural sector. (Havana Radio Rebelde Network in Spanish 1255 GMT 27 Feb 95)

Pedro Ross Leal and Division General Joaquin Quintas Solas, head of the Central Army, attended the meeting of the Revolutionary Armed Forces' civil workers union in Matanzas Province. Ross highlighted the need to increase home construction through greater use of alternative materials. (Havana Radio Rebelde Network in Spanish 1000 GMT 28 Feb 95)

Yadira Garcia has visited the Agroindustrial Complex Cuba Libre in Pedro Betancourt Municipality, in Matanzas Province. Garcia was briefed on the sugarcane harvest situation at the complex and met with workers. Garcia called for a short but efficient sugarcane harvest for 1995. (Havana Radio Rebelde Network in Spanish 1000 GMT 28 Feb 95)

Pedro Ross Leal has stated that the call to participate in the 17th Cuban Workers Federation's congress will be made on 1 May. During a meeting in Havana City, Ross also informed that the congress is scheduled to take place in 1996. (Havana Radio Rebelde Network in Spanish 1000 GMT 1 Mar 95)

Pedro Ross Leal, general secretary of the Cuban Workers Federation, has stated in Havana City that Cuba's working class had voluntarily donated over 30 million pesos to the Territorial Troops Militia during 1994. (Havana Radio Progreso Network in Spanish 1200 GMT 1 Mar 95)

Juan Almeida Bosque, revolutionary commander and Politburo member, chaired the Cuban Revolution Veterans Association [ACRC] annual assessment meeting on 2 March. Members were urged to participate in ceremonies honoring Jose Marti on the centennial of his death in battle, and ACRC achievements since its creation in December of 1993 were recalled, highlighting patriotic military efforts. [Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 95]

Nelson Torres and Pedro Ross Leal have praised the cane cutters of Havana City and Havana Provinces during a meeting held at the Cuban Workers Federation headquarters in Havana City. Cane cutters from both provinces were present at this meeting which marks the 30th anniversary of the cane cutter's millionaire status movement, which is observed throughout Cuba on 3 March. Ross referred to these cane cutters as the banner bearers of the Cuban work force. (Havana Radio Rebelde Network in Spanish 1000 GMT 3 Mar 95)

Lage Interviewed on Trade Ties With France

FL0403024595 Havana Tele Rebelde Network in Spanish 1730 GMT 3 Mar 95

[Interview with Carlos Lage, vice president of the Council of State, by correspondent Nestor Pardino at

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ExpoCuba on 3 March on the French business delegation's visit to Cuba; from the "NTV" newscast—recorded]

[FBIS Translated Text] [Pardino] What are the results of this French delegation's visit?

[Lage] There have been positive results. This visit marks the continuation of relations with French business, which are strengthening and growing. We have had close relations, particularly with the French National Business Council, for several years. This is their second visit to Cuba. There has been an increase in trade between Cuban and France during this time, and also a growing interest by French businessmen to invest in Cuba.

[Pardino] Do you think that the participation of French business in the ongoing economic opening in Cuba has the foundation to continue growing?

[Lage] Yes, I do. We have created solid foundations. There is a clear will by some of the French businessmen to maintain trade links and invest in Cuba. The French National Business Council, which is very important in France, has also been supporting the efforts of French businessmen.

[Pardino] Have there been many accords signed during this visit?

[Lage] Yes, there have been binding accords signed, and other discussions have taken place, some of which were the results of ongoing negotiations. Others were the results of new ideas.

[Pardino] Things are going well.

[Lage] Yes, we believe they are going well.

[Pardino] Many thanks.

Cuban, French Businessmen Discuss Future Investment

PA0403020895 Havana PRENSA LATINA in Spanish 0649 GMT 2 March 95

[FBIS Translated Text] Havana, 2 Mar (PL)— A diplomatic source said today that the talks held in Havana between French businessmen and Cuba's economic ministers are unfolding fruitfully.

Representatives of Maxim's Business Club, [MBC], headed by the famous fashion designer Pierre Cardin and Prince Jean Poniatowski, and the National Council of French Employers (CNPF), headed by Jean-Pierre Desgeorges, on Thursday [2 March] began the final phase of talks with Cuban Government leaders.

Desgeorges and his delegation are expected to meet with Tourism Minister Osmany Cienfuegos and Light Industry Minister Jesus Perez Othon [name and title as received], and to hold bilateral meetings with Cuban businessmen as well.

The French business community is very interested in tourism, energy, biotechnology, and mining, among other sectors of the Cuban economy.

The French fashion designer, after praising Cuba's decision to open up to foreign investment, said that his enthusiasm for Cuba is strong.

Describing Cuba as a wonderful land, Cardin said that Cuba is a great country that has great prospects for the future and is destined to attract many tourists.

Cardin explained that he invited a large group of MBC members to Havana "because many untruths are being told and they must get to know Cuba for themselves so that they can form their own opinions."

Cardin, who is visiting Cuba for the second time, intends to open a Maxim's restaurant in Havana and to do business with the tobacco, textile, and perfume sectors, among others.

Poniatowski, who had a special responsibility in the organization of the attendance of MBC representatives, has had close ties over the past few years with Cubanacan [Cuban Tourism and International Trade Corporation].

Poniatowski said that the businessmen accompanying him are intensely exploring the Cuban market and are willing to broaden their ties with Cuba.

At present, there are 21 French companies in Havana involved in various sectors, including Peugeot, one of the leading automotive corporations, as well as the Total company, which has continued its operations in Cuba.

Poniatowski condemned the U.S. policy against Cuba that has maintained an economic embargo which he described as "stupid."

Poniatowski asserted that this is destined to change because, with the exception of Israel and the United States, he noted that all of the other UN members have spoken out against the embargo.

Both delegations will finish their work this weekend and will then return to Paris after four days of intense talks and visits to Cuban economic organizations.

French Delegation Head on Castro Meeting

FL0403010295 Havana Tele Rebelde Network in Spanish 1730 GMT 3 Mar 95

[Interview with Jean-Pierre De Georges, head of the French business delegation visiting Cuba, by correspondent Nestor Pardino on 2 March following the delegation's meeting with President Fidel Castro; place not given; De Georges speaks in French with passage by passage translation into Spanish; from the "NTV" newscast—recorded]

[FBIS Translated Text] [Pardino] What can you tell us about the meeting?

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[De Georges] I have found that President Castro is in magnificent shape. I believe he looks even younger than he did last year. We discussed many issues, as friends who have not seen each other in a year.

[Pardino] Do you believe that political elements could prevent an active, growing presence of French businessmen in the Cuban economic opening process?

[De Georges] I do not believe that there are political elements to prevent our participation.

[Pardino] Would the U.S. blockade be an impediment?

[De Georges] No. I do not see the blockade as an impediment for us, so far. The blockade has not stopped the Cuban people from continuing to live, moreover under the conditions in which they live. Also, the situation has gradually been improving. When people are willing to survive, nobody prevents them from doing so.

[Pardino] Many thanks.

Businessmen End Visit, Sign Accords

PA0403162595 Havana PRENSA LATINA in Spanish 1225 GMT 3 Mar 95

[Report by Aissa G. Garcia and Hector Danilo]

[FBIS Translated Text] Havana, 3 Mar (PL)—Approximately 30 members of the National Council of French Employers (CNPF) ended their business mission to Cuba today, stating that it had been very productive in terms of establishing business agreements between Cuba and France.

Several letters of intent and 10 shared risk investments (joint ventures) [previous two words in English] were signed with Cuban firms in less than a week. In addition, 100 bilateral contacts with representatives from several areas were made.

CNPF Vice President Jean Pierre Desgeorges said during a news conference yesterday evening that almost all the objectives of the CNPF's first visit to Cuba, which was held on the same date last year, were achieved.

After stating that he believes this second mission was a success, Desgeorges asserted that bilateral commercial exchanges had increased approximately 30 percent and that France had increased the credit lines available to the island.

A total of 21 French marketing firms are directly or indirectly represented in the Antillean country, as are approximately 12 associations of several types, three of which are in an advanced stage of negotiations.

Asked about the United States' interference in Cuba's commercial ties with foreign countries, French Ambassador Jean Raphael Dufour asserted that French as well as other authorities had made it clear that U.S. laws cannot impede commercial relations here.

Desgeorges emphasized that the French administration and political sector had improved perceptions of Cuba and had therefore considerably increased bilateral ties.

The best affirmation of this reality, he said, are the visits made by Cuban authorities to Paris, among them, Cuban Vice President Carlos Lage and several ministers in the economic sector.

Later, when he referred to the economic changes that have taken place in this country, he praised the economic recovery, the revitalization of the peso, the implementation of the fiscal reform, and the budget adjustment, which he described as very important.

The Cuban Government's policy is now irreversible, he asserted, after reporting the imminent appearance of a new law on foreign investments—by the chosen method—that will be exemplary and unique in the world due to its universalization and flexibility.

Cuba and France this week reached agreements in strategic areas of the Cuban economy such as nuclear energy, sugar, construction, and services, among others.

The French Electricite Company signed an agreement with the Basic Industry Ministry to study the possibilities of resuming construction of the Juragua Electronuclear Power Plant in the central province of Cienfuegos.

The construction of this installation, located 300 km southeast of Havana, is paralyzed, and the foreign firm would have to make an assessment to assess the possibility of completing construction with the demanded security requirements.

The president of GEC/Alsthom, a firm specializing in electronics, came to Havana with approximately 30 representatives from several areas such as engineering, construction, services, energy, chemicals, and large distribution networks.

Among other relevant understandings reached by those businessmen is the one signed between companies from both nations to build equipment for the sugar sector and to cooperate in the development of this industry in eastern Las Tunas region.

According to the announcement, they will initially look for funds and conduct market studies in this area. Another company, together with its Cuban counterpart, will produce and prepare chemical products that Cuba will later be able to export, with added value.

For its part, the Pastor Group is expediting agreements to initiate the construction and sale of approximately 600 apartments in the Caribbean nation, 300 of which will be ready in 1997.

This is also the deadline for the International Tobacco Museum to be ready. The is in the discussion phase with the host country, which aims to promote the quality of national cigars, which are so coveted abroad.

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In addition, Christian Dior perfume will increase its relations with the national distribution firms already working on this objective, Desgeorges explained.

Other agreements are related to modernization of cement factories, refurbishing hotels, residual water treatment, and distribution of potable water.

The CNFP mission will conclude its visit to Cuba tonight; one day prior to the end of the visit of a similar delegation organized by French designer Pierre Cardin and other directors of the Maxim's Business Club of Paris who are interested in exploring the Cuban market and increasing cooperation.

UJC Militancy, Apathy Discussed

95CA0116A Havana JUVENTUD REBELDE in Spanish 15 Jan 95 pp 8-9

[Interview with UJC militant Heriberto Torres Broch by Felix Lopez; place and date not given—first paragraph is JUVENTUD REBELDE introduction; minutes referred to in first question appear before introduction]

[FBIS Translated Text]

Minutes of Regular Meeting

The Rank and File Committee of the machinery shop held its regular monthly meeting on 4 December 1994 in the factory clubhouse to take up the following agenda:

—Analysis of the exemplary nature of the militants—Analysis of the failure to make dues payments, growth, and guidelines from the parent organization—Election of the new officers of the Rank and File Committee

Twenty-two of 26 militants were present, and there were four unexcused absences.

The secretary of the UJC Committee explained that the end of the year was approaching without the Rank and File Committee having brought in any new members, that for three straight months there had been problems with on-time payments of dues, and that a review of the minutes of the last five months of meetings showed that neither political nor production tasks had been undertaken in one area of the factory with more than a few problems and a large youth contingent.

—Militant Julio: All of this is true, and I would add that we have not existed as an organization for the last five months. Seeing each other for five minutes a month as a mere formality and with half of the people absent is not being operational. There are absentee workers here who do not get involved in any volunteer work at the factory and who belong to our group....

—Militant Carmen: We are talking about exemplary militancy, and the number one problem is that none of us knows how to gauge what being an example means in these times....

—Militant Manuel: I am not for "passing the buck" to the militants who do not work in agriculture or who we didn't see in the Plaza. Has our organization fostered a culture of control, party discipline? And now the factory secretary gives us a long rundown of problems, but this is the first time that he has shown up in our Rank and File Committee....

—Militant Esther: I remember the meeting at which Alberto turned in his ID card and argued that it was not because he disagreed with the ideology that the UJC [Union of Young Communists] defends but because he did not feel useful here. We heaped accusations on him that day, and I ask myself: Will the impression that we conveyed to the other kids in the factory motivate them to join the UJC?

With the minutes of this meeting as its pretext and a questionnaire as its motivation, JUVENTUD REBELDE went up to the fifth floor of the National Bureau of Youth. As head of the organization team, Heriberto Torres Broch, a 32-year old construction equipment engineer and former top-flight fencer, essays his last "thrust" against the workings of the Rank and File Committee and explains its immediate fate.

[Lopez] Is the National Bureau of the UJC aware that the minutes of the meeting that we have published could have come from one of your rank-and-file organizations?

[Torres] We realize that they exist and we have shown that we have been concerned about and busy with this matter for some time. We took it up again seriously at the Sixth Congress, afterwards at the Debate Center on internal affairs, and more recently at the expanded meetings with the cadres from each of the country's provinces. But what is going on today inside the UJC cannot be analyzed separately from the economic, political, and ideological complexities in which we are doing our work. Cuban society is marked by a polarization from which the UJC cannot escape.

As a vanguard organization we have no choice but to purify ourselves through political processes that will keep us going. In these difficult times we have members who owing to inadequate selection and lack of attention are being left behind, are losing their sense of belonging, and are becoming militants in name only. The lack of systematic political work and the absence of specific tasks have wound up undermining the life of some organizations.

It is like a group of friends who lack motivation, ideas, or objectives. We are faced with such situations, especially in sectors hard hit by production stoppages. The young people scatter....

[Lopez] What other dysfunctions are thwarting the operation of the Rank and File Committee?

[Torres] The very reorganization that the island's economy is undergoing, the rise of the UBPCs [Basic Cooperative Production Units], and other changes have

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forced the UJC to reconsider its structures, which is not happening as quickly as it needs to. In many cases we forget about control in seeking flexibility. Material limitations and the lack of initiatives have obstructed the flow of guidelines and information.

[Lopez] Is it the machinery or the incompetence of the people in charge?

[Torres] I am not going to deny to you that we have at times lacked vision. The special period took us by surprise (at first), with few solutions at hand. Since then 40 percent of our people have been moved around because of the reorganization of the membership. How much of our time and energy does just this take up?

[Lopez] Does bureaucratic documentation still take time away from political work with young people and detract from its importance?

[Torres] No. The officials of the UJC take the view that its operations have three components: organizational, political, and ideological. A Rank and File Committee cannot function as an organization just because it demands the payment of dues. Unless there is a well-defined political task by which to gauge the members, people will not be motivated. And I say ideological content because one is a militant of the UJC only if one is convinced of its ideology. If someone does so the way you asked your question, he is not acting properly. In times of confrontation between ideas, internal discipline and exemplary behavior are needed, but so is political preparation.

[Lopez] With what new members do you propose to expand in 1995?

[Torres] The principles for joining the UJC have not changed. We will expand with those people who want to join on their own, but also through those who set an example in their work or school group. To be an example one has to defend the social program with one's hands. This is the case of the BETs [Student Labor Brigades], the soldiers on the border.... To be an example today means being a good neighbor, a good friend, and a good Cuban. Not even under the current circumstances is the UJC going to waive the requirement that the people joining it represent the finest of Cuban youth.

[Lopez] How many were there in 1994?

[Torres] 73,000. One of the biggest increases in the last 15 years.

[Lopez] Could the organization revitalize the rank and file without renouncing its big campaigns?

[Torres] That is the biggest dissatisfaction. We can and must keep the big campaigns going. I would go further: To keep them going we have to keep on reorganizing and revitalizing the rank and file. We are talking about a self—reinforcing process. The fact that the UJC is capable of mobilizing so many people is further motivation to join it.

[Lopez] Is there some specific example that shows that the Rank and File Committee can be different?

[Torres] There are, and they tell us that each one has to be true to itself. A rank and file organization cannot fill a public square with its people, but it can fill its classroom, its factory. It cannot fill a city with graffiti, but it can fill a wall. The intensity that has marked the work to conduct the big campaigns has to be brought down to the Rank and File Committee with the same strength.

Moreover, we live in a country in which each path, each street, each stone has its own history. We are all a little part of it, and we must get to know it, preserve it, and defend it. This is what it means to be alive.

[Lopez] In the end, can we say that a path has been found?

[Torres] Yes, but it goes in the direction opposite to spontaneity. Guidance is needed. The other thing is to have good cadres. For the last three years we have been trying to bolster the professional work with trained cadres to take up the tasks of the moment. So, many university graduates and technicians have filled key posts.

We cannot expect our young people to have a high level of education if the cadres do not. The time has come for all rank and file organizations to chart for themselves tasks that demand a special effort from their militants. This is the way to train for bigger undertakings and to keep setting an example. We must also strengthen ideas, familiarity with the organization and, concurrently, try to continue making it more flexible, but while putting an end to lack of control. The aim is to establish order with regard to party discipline and to review improper mechanisms.

[Lopez] Do these considerations about operations take into account the concerns of the rank and file militant, or are you merely suggesting a model?

[Torres] The fact that there are different concerns suggests to us that there is no single prescription. We would be making another mistake if we asked everyone to do the same thing. There are those who have sat down to wait, those who have experimented in their own way, and those whom we have not reached....

[Lopez] Of what use is it to a Cuban youth today to belong to the UJC?

[Torres] The organization offers nothing material. It was "Che" himself who taught us that a communist militant should not remain in the underground but rather exhibit his militancy with pride and not hide it from anyone. If being a militant means being in the vanguard and if the UJC is sustained by our finest youths, what could be more fulfilling than belonging to such a group?

A Different Militant?

[Lopez] According to some people, the changes that the country has undergone in recent years have plunged

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certain values of young people into crisis. Does this mean that there is a new type of militant?

[Torres] The loss of values has not been the most common thing. Under difficult circumstances those whose spectrum of values remains above the worst complications remain the most steadfast. If we went by the logic that shortages lead to prostitution, then all of our girls would be "hookers," and this is not the case. A gale carries off those who have always, including in their training, lacked these values.

Exemplary conduct is an evolving concept and cannot be seen as static or dogmatic. It consists of ethical and moral values, attitudes, the things that develop and evolve in accordance with the times. Exemplary conduct in 1995 cannot be gauged the same way as in the 1960's, when having long hair or listening to the Beatles disqualified you. What have changed today are the concepts.

[Lopez] Can we speak of a depoliticized or cynical group among our young people?

[Torres] Not depoliticized. I would instead use the term polarized. The ones who take a clear stand today are more socialist, more loyal to Marti, to Fidel. We are seeking a reencounter with history and we are trying to answer these three essential and timeless questions: Who are we? Where do we come from? Where are we going? There is another group that has lost faith and confidence and is becoming a bit apathetic. This happens in every revolutionary process. At that point, a vanguard stands out, becomes well defined.

[Lopez] Isn't there any communication between the polarized group that opposes the vanguard and the UJC leadership?

[Torres] There are two extremes in this polarization. There will be no communication with those who stand opposed to the Revolution. We have to continue working with those who are tired, or confused, or not convinced. It is in our interest to bring in these apathetic youths. The message of hope in our major concerts and political rallies goes out to them too; our campaigns are for them as well. We are not appealing to the annexationists, to those who would undo history....

[Lopez] And how does the UJC view those who in recent times have left its ranks?

[Torres] There are those who have turned in their membership cards because they want to live overseas; they do not realize that the place for people in the vanguard today is in their country and in the front ranks. Others turn them in because they are tiring and do not see themselves in the vanguard. But there are also those who do so because they do not believe in the ideology that we defend; they are in the minority. Most of them are people who are not ready for the challenges that are typical of vanguards.

[Lopez] Are the latter just being honest?

[Torres] That depends on how we understand the concept of honesty. The most honest thing that one can do today is not just think about oneself....

[Lopez] If you could be young again, what Rank and File Committee would you choose to join?

[Torres] One in which I always had something to do. This makes it work, and from this stems the practice of criticism, self-criticism. A critical analysis is always tough, but when it is accurate, it makes people more human, more sincere, and more complete. The best Rank and File Committee is one in which the militant feels useful. Otherwise, it is hard to offer ideas, to think that you are trusted.

[Lopez] And how would you describe the UJC that you did join?

[Torres] It is not perfect but it is on the move.

Haiti

Prosecutor Confirms Arrests; Constant Whereabouts Probed

FL0403014895 Port-au-Prince Radio Metropole in French 1145 GMT 3 Mar 95

[FBIS Translated Excerpt] Deputy Public Prosecutor Jean Auguste Brutus confirms the information that several people were arrested over the weekend in connection with a plot against internal state security. Public Prosecutor Brutus mentioned a memorandum from the Ministries of the Interior and Justice regarding those arrests, although he did not wish to divulge the details of the memorandum, he stated, in order not to hamper the work of the police. Dieumaitre Lucas is one of the people arrested, and warrants of arrest were also issued against Franck Romain and Williams Regala who are reported to be in hiding. [passage omitted]

It should be recalled that the government had accused small unnamed groups of destabilizers of involvement in acts of anti-government subversion. Justice Minister Jean Joseph Exume stated that the persons alluded to in this communique would be arrested if the situation warranted. According to some well-informed sources close to Romain, Romain has traveled abroad for his own security while Regala is also in hiding. Romain had recently denied all accusations of subversion and announced his candidacy for the Port-au-Prince office of mayor during the June elections.

Emmanuel Constant, according to a note from the Coordination Committee of FRAPH [Revolutionary Front for the Promotion and Progress of Haiti] in the West Department, is touring abroad to negotiate social and economic projects for the benefit of the population. These explanations are being provided more than a month after the FRAPH leader flew to the United States in utmost secrecy. Without specifying whether Emmanuel Constant is indeed in the United States,

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FRAPH indicates that its leader is in contact with some important personalities for the purpose of, and I quote: accelerating the democratic process in Haiti, unquote.

Regarding the legal action against the FRAPH leader, the organization explains that correspondence has been established between the cabinet of the examining judge and Emmanuel Constant. In this note, issued on 2 March, FRAPH does not give any date for Emmanuel Constant's return to the country. FRAPH contented itself with indicating that once impartial justice has been implemented, the truth will emerge. It is time for the current regime to stop using us as scapegoats to prevent us from participating in the elections, writes FRAPH.

Let us recall that in February, the United States had decided to revoke the FRAPH leader's visa. The U.S. Embassy in Port-au-Prince hopes that Emmanuel Constant returns to Haiti for his court appearance.

'Macoute Forces' Suspected in Peasant Movement Murder

FL0603023795 Bridgetown CANA in English 2134 GMT 5 Mar 95

[FBIS Transcribed Text] Port-au-Prince, March 5, CANA—The founder of the Papaye Peasant Movement (MPP) has linked the killing of a 35-year-old driver at the Agri-Forestry programme to the forces who led the coup that toppled President Jean-Bertrand Aristide from power in 1991. Faudener Simon, 35, was murdered during a routine trip in an MPP truck last Wednesday. He was shot twice while on the route between the town of Delmas and the capital, Port-au-Prince.

"Faudener's death is a blow to MPP, to the popular movement and to democracy, based on participation by the people. This cowardly killing clearly shows that the Macoute forces are not participating in reconciliation," MPP founder Chavannes Jean-Baptiste was quoted in a statement as saying Sunday. "On the contrary, they continue to kill, to intimidate, and to block the road to democracy. His killing is a warning to MPP from the forces of death," Jean-Baptiste added. He has called on the government to investigate the killing and increase vigilance by democratic community groups.

The MPP said it had a "wide base" support and was generally viewed as a threat by Haiti's conservative elite and the paramilitary forces associated with it.

Before he was killed, Simon met a newly-arrived delegation of observers from New England at the Port-au-Prince airport, which came to Haiti to look at the conditions since United States troops arrived and restored President Aristide to power. The MPP said from their own perspective, the New England delegation members agreed with Jean-Baptiste that the killing was politially motivated.

"This appears to be an attempt at intimidation, a common practice of repression," the MPP quoted the delegation's co-chair Freda Laurent as saying. "As a delegation, we are going to continue with our mission to Central Plateau and we plan to travel in the same truck in which Simon was killed," she added.

The New England observers have sent four other groups to document the political and economic situation in Haiti and the role of the United States intervention.

PANPRA Accuses CEP of 'Anti-Democratic' Behavior

FL0403015695 Port-au-Prince Radio Metropole in French 1700 GMT 3 Mar 95

[FBIS Translated Excerpt] The steps taken by the Provisional Electoral Council [CEP] to form the BED's [Departmental Electoral Bureaus] continue to be contested within the political sector. PANPRA [Nationalistic Progressive Revolutionary Party of Haiti], while expressing its concerns, believes the electoral machinery has started out on the wrong foot. The socialist party fears that the CEP is influenced by the lavalas current. Edner Jean filed a report:

[Begin Jean recording] Duly Brutus' protests are the first attacks against the CEP members, whose willingness to hold free, credible, and honest elections is cast in doubt by the former legislator. To him, the CEP did not respect its commitments toward the political parties, not having chosen independent personalities to constitute the BED's, as was agreed upon by the CEP and the political parties. Duly Brutus is sending out a signal of alarm to the other political parties to adopt a common position in view of what he calls the lavalas drifts of the CEP. For PANPRA, the entire process set up by the CEP only favors one political current. Duly Brutus accused OPL [Lavalas Political Organization] of controlling the BED's. [passage omitted]

Another action labeled anti-democratic by PANPRA is the decision this week by President Aristide. The head of state indeed informed all the mayors that their mandates had expired, while authorizing some mayors to deal with day to day business until the next election. There again, it is the ones close to the regime who are the main beneficiaries of this executive measure, PANPRA notes. The state structures are being redefined, added Duly Brutus. [passage omitted]

Despite their severe criticism, PANPRA does not want to go to war with the government. Serge Gilles' party thinks that a compromise can always be found. [end recording]

Update on Carnival Casualties

FL0303012195 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Mar 95

[FBIS Translated Text] Medical sources reported on 1 March that two people were killed—one with a knife and the other with a bottle—and 342 others were injured in Port-au-Prince during the three-day Haitian carnival. Authorities reported one dead and 190 others injured during the first two days and one dead and 152 wounded overnight 28 February-1 March, the last night of carnival.

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Many of the injured had been hit with bottles, a new phenomenon. Medical sources reported that three Haitian policemen from the interim force were slightly injured. A total of 2,000 soldiers from the U.S.-dominated multinational force, as well as Haitian policemen from the interim force, were on hand to ensure order during carnival, which drew several hundred thousand participants and turned out to be a tremendous success.

Jamaica

Cuban Embassy Confirms Official, Wife Missing

FL0203230695 Bridgetown CANA in English 2136 GMT 2 Mar 95

[FBIS Transcribed Text] Kingston, Jamaica, March 2, CANA—Jamaican police have confirmed that a Cuban Embassy official who media reports say has defected, was reported missing by the Cuban Embassy at the weekend. A spokesman for the Police Information Centre (PIC) told CANA that the man, Jose Martinez, a first secretary at the embassy was reported missing along with his wife, by the Cuban Ambassador to Jamaica Silvina Santos on Saturday. The missing couple were last seen here on Thursday last week, reports say. The police spokesman said Martinez's diplomatic car was found parked at the Norman Manley International Airport in Kingston. A check at the couple's home found clothes and other personal effects missing. Efforts by CANA to get a response from the Cuban Embassy failed as Santos was said to be out of office. The GLEANER newspaper speculated Thursday that Martinez travelled to the Mexican resort city of Cancun last week on a Trans-Jamaican airline flight.

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Foreign Secretary on Arrest of Salinas' Brother

PA0303230395 Mexico City NOTIMEX in Spanish 1920 GMT 3 Mar 95

[FBIS Translated Text] Montevideo, 3 Mar (NOTIMEX)—Jose Angel Gurria, Mexican foreign relations secretary, said here today his country maintains congruence with what it says and does, as demonstrated by the arrest of the brother of former President Carlos Salinas de Gortari as alleged mastermind of the killing of politician Jose Francisco Ruiz Massieu.

"I insist this arrest demonstrates the congruence of the Zedillo government between what it says and what is done," the envoy said in an interview with NOTIMEX during the inauguration of President Julio Maria Sanguinetti.

The Mexican Attorney General's Office (PGR) disclosed on 28 February that Raul Salinas de Gortari, brother of the former president, is an alleged comastermind of the killing of Ruiz Massieu, secretary general of the governing Institutional Revolutionary Party (PRI).

Raul Salinas was arrested that day and appeared in court on 2 March denying the charges.

Gurria attended the 1 March inauguration of new Uruguayan President Julio Maria Sanguinetti, who assumed office for the second time. The first time he governed was during the 1985-1990 term.

The foreign relations secretary expressed confidence that with his country's effort and the international cooperation, Mexico will be able to overcome the difficulties, such as the recent financial crisis initiated last 20 December with the devaluation of the peso, it is facing.

He also said his government is committed to regional integration and the social and judicial changes his country is attempting to carry out.

Speaking on economic issues, Gurria said "the entire continent is clearly moving in the direction of free trade," which translates into different subregional integration programs.

He said that according to "today's strategy," countries are seeking free trade agreements with countries "under similar conditions," and he spotlighted the great step countries have taken toward continental integration.

The continent has discovered that it benefits from free trade, "but not on the dictum that everyone moves at the same speed, because countries have differing conditions," Gurria said.

For Gurria, it is clear Latin America must seek the benefits of trade liberalization through "regional and subregional integration," which "come in a basic and spontaneous manner."

"What we all are expecting is that we will move toward hemispheric (continental) integration in the next few years and that there is indeed on the American continent a grand, free trade market of the Americas, with capitals" for the year 2005, the envoy added.

"Mexico has never been so close to Latin America as it is today. Never has Mexico been more Latin American as it is today, and never has Mexico maintained more real, concrete, and specific ties as today," Gurria said.

Regarding the situation in the southeastern state of Chiapas, Gurria said "the state of law has been restored; there is no war, no clashes; there is a profound respect for human rights," because, according to the head of Mexican diplomacy, his government was very careful in resolving the matter without armed confrontation and with the intention of improving living conditions.

According to Gurria, "what we foresee in Chiapas in the future is integration, progress. We foresee the restoration of social development, education, health and services programs, and I insist the state of law was restored in the area."

Gurria confirmed that "a deliberate program for the integration of those who are unhappy" will be discussed shortly. The program is called Law for Dialogue and Reconciliation in Chiapas with a view to the resumption of discussions with the members of the Zapatist National Liberation Army (EZLN).

Regarding the killings of prominent politicians that occurred last year, Gurria said Mexican President Ernesto Zedillo explained "over and over again that investigations will continue to the end, and this is proof of that."

Presidential candidate Luis Donaldo Colosio was murdered last 23 March, and PRI Secretary General Jose Francisco Ruiz Massieu was assassinated on 28 September. Both investigations have made significant progress.

The president is determined to see "the administration and handling of justice improve in Mexico," Gurria added.

Regarding the effects of the financial crisis in his country, Gurria said certain indicators, such as interest rates, have improved. He said interest rates have "declined quite significantly."

He also said "the peso indicated signs of improvement, and there are certain indications that volatility has reduced, that stability is returning, and that confidence is returning to the markets. I hope this will allow us to work shortly in the medium and long term."

Regarding these issues, Gurria believes the support from "all sectors of the country" is required to end the problems affecting Mexico.

Gurria affirmed that Mexico does not have "nor will it nominate anyone" as a candidate to the post heading the

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World Trade Organization (WTO) and that "it has not yet decided who it will support" now.

PGR on Attempt To Exclude R. Salinas From Investigations

PA0303162095 Mexico City NOTIMEX in Spanish 1103 GMT 3 Mar 95

[FBIS Translated Text] Mexico City, 3 Mar (NOTIMEX)—The Attorney General's Office (PGR) today reported that there is evidence of an attempt to exclude from the investigations the suspected co-mastermind of the assassination of Mexican politician Francisco Ruiz Massieu.

The PRG "has additional overwhelming proof" that "there are changes in the inquiries that sought to eliminate the name of Raul Salinas de Gortari from the investigations so that he would not appear implicated in the actions," the PGR stated.

In a communique issued before dawn today and dated 2 March, the PGR said the evidence "shows the close relationship between Manuel Munoz Rocha and Raul Salinas de Gortari and their continuous contact."

Munoz Rocha is the former deputy who is a fugitive from justice after being accused by the PGR of being the mastermind of the assassination of Ruiz Massieu. Raul Salinas de Gortari, who is being held in the Almoloya de Juarez maximum security prsion, is said to be the co-mastermind of the crime.

Ruiz Massieu was assassinated in Mexico City on 28 September when he was secretary general of the Institutional Revolutionary Party (PRI).

The PGR also said the proof, which will be presented "in due time," shows a personal enmity between Raul, former President Carlos Salinas de Gortari's brother, and Ruiz Massieu.

The Attorney General's Office noted: "None of the information obtained so far incriminates Carlos Salinas de Gortari."

Sources from this office said yesterday that there is evidence that when Mario Ruiz Massieu, the brother of Francisco, was deputy attorney general, the name of Raul Salinas was omitted from the investigations on the killing.

The office announced last Friday the arrest of Raul Salinas as alleged co-mastermind in the killing and accused Mario Ruiz Massieu of possibly having committed "related crimes" and summoned him to apear before a court.

According to the sources, the official statement made Thursday by Mario Ruiz Massieu "makes it obvious" that during the investigations they avoided mentioning Raul Salinas as an alleged co-mastermind of the assassination.

Thursday evening, the former deputy attorney general, who left the office without any charges having been filed against him, reiterated his trust that he will soon and definitely be cleared of allegations of insufficiency in his investigations.

PGR: No Evidence of Blocked Colosio Inquiry

PA0403154895 Mexico City XEW Television Network in Spanish 0430 GMT 4 Mar 95

[Bulletin issued by the Attorney General's Office on 3 March; place not given; from the "24 Hours" newscast]

[FBIS Translated Text] The Attorney General's Office [PGR] has no evidence that Carlos Salinas de Gortari took any action to obstruct or divert investigations into the assassination of Luis Donaldo Colosio.

Any report stating otherwise is baseless and only deters the investigation.

The PGR reiterates its commitment to make timely reports to the people on its investigations.

PRI Members Stage Rally in Support of Zedillo

PA0403033595 Mexico City Radio ACIR Network in Spanish 0000 GMT 4 Mar 95

[Report by Juan Carlos Escobedo from Constitution Plaza in Mexico City; from the "Evening News Panorama" newscast—live relay]

[FBIS Translated Text] [Unidentified announcer] PRI [Institutional Revolutionary Party] members staged a brief rally to express support for President Ernesto Zedillo Ponce de Leon. Here is Juan Carlos Escobedo with a report:

[Escobedo] Good afternoon. As we were saying, thousands of members of the PRI and related organizations, not opposition parties, staged a rally in downtown Mexico City today, took to the streets and Constitution Plaza.

This event was a show of strength so everyone will remember why the PRI is still the majority party, pronounced the master of ceremonies at Constitution Plaza. In the message given by Roberto Campa Cifrian, PRI leader in Mexico City, he said the PRI groups came here to tell President Zedillo that they, each PRI member, are on his side and that they are willing to fight a merciless war to maintain peace, rightness, justice, democracy and the well-being of our families. In a word, Campa Cifrian said we will fight for Mexico.

The PRI members also mentioned the arrest of Raul Salinas de Gortari, saying the PRI is united in this fight against impunity. They said this is not about doing injustice but, rather, defending justice, not allowing impunity and ensuring that anyone who violates the law answers to it regardless of position, hierarchy, influence, or ties.

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The participants of this brief rally are already leaving at this time. Only 30 minutes elapsed since the arrival of the groups and the message given by Campa Cifrian. They are leaving and taking their signs with them.

I must mention that as this meeting was drawing to the end, two groups of soldiers entered Constitution Plaza. A group of youths, who were not identified, armed with sticks, tried to provoke the rally attendees, and the soldiers were called to reestablish order as a result. The soldiers did not have to intervene directly. They simply showed up here, and the situation returned to normal. The meeting has concluded, and the PRI members are leaving.

[Announcer] Juan Carlos, approximately how many people attended this rally?

[Escobedo] The authorities, the Secretariat of Safety and Roadways, as well as certain colleagues who also made their own projections, estimated that approximately 5,000-7,000 people attended this meeting at Constitution Plaza.

[Announcer] Did the attendees have any problems with the authorities of the Federal District, given the regent had said that all demonstrations had been banned and that public forces would be used to prevent them.

[Escobedo] In the least. Some repair work was being done [words indistinct]

Carlos Salinas Returns to Monterrey To Begin Fast

PA0403185095 Mexico City NOTIMEX in Spanish 1731 GMT 4 Mar 95

[FBIS Translated Text] Monterrey, 4 Mar (NOTIMEX)—Former Mexican President Carlos Salinas de Gortari returned early this morning to the northern city of Monterrey to reinitiate a fast he had postponed for hours. Salinas is fasting to demand that economic "errors" be admitted.

The former president of Mexico held a brief news conference and said he will remain in Monterrey, Nuevo Leon, for as long as necessary and will drink only water.

Yesterday the former president explained that he decided to wait a few hours to begin his fast because "I was asked" to postpone it to allow time for "a dialogue to resolve the injustice," but he would not identify who made the request.

In his statement, Salinas de Gortari reiterated his demand that the Attorney General's Office of the republic [PGR] admit "without ambiguity" that during his administration there was "absolute respect" for investigations into the murder of Luis Donaldo Colosio. The presidential candidate of the governing Institutional Revolutionary Party was slain on 23 March 1994 during a political rally in the northern Mexican city of Tijuana, Baja California State.

Salinas de Gortari reiterated his demand that "it be admitted in Mexico what has already been admitted abroad; that is, mistakes turned a problem into a (financial) crisis, and these mistakes were not made precisely during my administration," he noted.

The former president, who concluded his mandate on 30 November 1994, said he will fast in Monterrey, the capital of Nuevo Leon State, "because this is my land." Salinas was born in Agualeguas, a town in that state.

Decides To End Fast

PA0503022195 Mexico City NOTIMEX in Spanish 0044 GMT 5 Mar 95

[FBIS Translated Text] Monterrey, Mexico, 4 Mar (NOTIMEX)—Former Mexican President Carlos Salinas de Gortari announced on 4 March he decided to end his fast, because the two things he has demanded from the federal government were met.

In statements made to the media at Triton 8716, San Bernab-Fomerrey 111 neighborhood, northwest of this city, the former president also made a call to support his successor, President Ernesto Zedillo Ponce de Leon.

Salinas had started a fast in Monterrey, capital of his home state of Nuevo Leon, to demand the acknowledgement of economic "errors" and to confirm he did not obstruct the investigations into the assassination of former presidential candidate Luis Donaldo Colosio.

The former president said his two demands were met: one on the country's economic situation, the other on the Colosio assassination case. Colosio was the presidential candidate for the ruling Institutional Revolutionary Party (PRI).

He said Attorney General Antonio Lozano Gracia will recognize this afternoon, without ambiguities, the firm support and absolute respect his administration gave the Colosio assassination case.

Salinas said he was grateful for the positive comments made by President Ernesto Zedillo about him and said people must "give the president firm support for his work in favor of all Mexicans."

"I support everything that is required of us citizens. I have confidence in that," he added.

The former president said he is also grateful for the presidential decision regarding his demands, and he expressed his confidence in the justice system.

Salinas said he did not want to include the case of his brother, Raul Salinas, who also allegedly masterminded the assassination of PRI Secretary General Francisco Ruiz Massieu, because it is a different situation.

The former president said he will remain in this city a few more hours to express his gratitude to the residents of Monterrey, who supported him, but he refused to reveal where he would go next.

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Salinas de Gortari said he feels encouraged and grateful with Agrarian Reform Secretary Arturo Warman for having brought the president's message and for his actions, which are a "reflection of his moral standing and civic values."

Salinas' decision to end his fast coincides with the 66th anniversary of the PRI and happened a day after the Mexican Foreign Ministry made official the withdrawal of the former president's candidacy to lead the World Trade Organization.

Article Warns Zedillo About Salinas

PA0403021495 Mexico City EL FINANCIERO in Spanish 2 Mar 95 p 49

[Article by Carlos Ramirez—words in boldface as published]

[FBIS Translated Text] President Cardenas made a **complete** political move when he **expelled** from the country nearly 60 years ago, on 1 April 1936, former President Plutarco Elias Calles, considered the revolution's **top leader**, and fired Calle followers from his cabinet, from the Chamber of Deputies, the Senate, from state governorships, and the PRI [Institutional Revolutionary Party]. The intention was **clear**: to deprive of political **power** a former president who continued **manipulating** national politics.

Nearly 60 years later, Mexican history **seems** to be repeating itself. But the information up to now is that it only **seems** so. Even though there was **legal** evidence to request the arrest of Raul Salinas de Gortari for the assassination of Jose Francisco Ruiz Massieu, it could be seen minutes **before** the news was made public that this incident was going to have **political** repercussions: Rather than remain **silent**, former President Salinas broke the political rules of the game and **broke** with President Zedillo.

At this juncture Zedillo is **obliged** to assume the political cost of his decision to ensure respect for a constitutional state. On Tuesday 28 [February] Zedillo faced a **dilemma**:

1. Either **break** with Salinas and his group and **assume** political power;

2. Or let Raul's case **follow the procedure** of a purely **legal** decision, which overlooks the political impact.

The first choice implies, in fact, that of really **assuming** the role of president, which in Mexico is something **more** than an administrative post. At least it will **continue** this way until the country has a **truly** democratic structure.

Thus Zedillo would be **forced** to build new political alliances and most of all, **dismantle** the Salinas power structure. Even though the **legal** decision provides a respite for national political life, without direct political **action** it could become an element of greater national political **instability**.

On Tuesday, Zedillo faced the first **indications** of what he may be facing: **public** statements by former President Salinas to **open** a discussion on responsibility for the crisis. Even though this **provocation** went unanswered, and probably Pedro Aspe, an **honest** official, will not fall prey to the Salinas followers' game, one should not forget that Salinas was one of the presidents who **weaved** a power structure to fulfill his ambitions **beyond his six-year term**. Thus, **every** type of revenge may be expected, including the following five:

1. the encouragement of greater capital **flight**, starting with his own economic **resources**.

2. the creation of an **atmosphere** of violence and destabilization in calling for the system's **rupture**.

3. the building of **alliances** with other resentful groups to **strike** Zedillo.

4. new and enormous political **conflict** for Zedillo with possible criminal **attacks** on public figures.

5. the use of ties of Salinas followers to intellectuals, journalists, and opinion leaders to **attack** Zedillo or to **reveal** state secrets that Salinas kept to himself as president.

In this connection and for pure political **survival** Zedillo is **forced** even if he does not really want to do this, to carry out at least **two** types of decisions:

1. **purge** the political system of Salinas followers who could cause him problems: governors such as Otto Granados and Patricio Chirinos, who blindly **obey** Salinas; secretaries of state who represent Salinas' **interests** and those of his allies; political **power** groups such as the [monthly publication] NEXOS, which only yesterday, through Rolando Cordera Campos, tried to raise **doubts** about the legal procedures against Raul, the PRI leadership **imposed** on by Carlos Salinas and who like [PRI Secretary General] Maria de los Angeles Moreno have done all they can to **excuse** former President Salinas of responsibility for the crisis; and businessmen who became stronger through their **cooperation** with the Salinas project beyond the six-year term.

2. Build **new** political alliances to **resist** Salinas' reaction, **define** the country's political course following Tuesday's crisis, and **accelerate** democratization as a means of making society share responsibility for the **defense** of republican institutions. If Zedillo **fails** to do this, there will be greater political dangers and uncertainty will become a new **element** of a crisis that is not subsiding. Cardenas **removed** Calles from the political game, but he **consolidated** a new political system supported by the pillars of social mobilization.

The **fear** among political and financial circles is that after three months in government President Zedillo made short-term decisions and showed **no** concern for medium-term repercussions. We still have the problem in Chiapas where they tried to destroy the Zapatist

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honeycomb by striking it with a broom of publicity. In three months Zedillo has demonstrated that he lacks not only a blueprint but the vision of a statesman. Although everyone applauds Zedillo's determination to imprison Raul Salinas, there is concern he is not prepared to resist Carlos Salinas' reaction.

Zedillo, therefore, must be very wary of a split with Salinas. Carlos Salinas is defeated. He can no longer be in public places, because they insult and scream at him as was the case on two occasions in past weeks, and as was the case on Tuesday in front of his house in Tlalpan, but one must be wary because one cannot play games with Carlos Salinas. Now, more than ever, we must pay attention to Porfirio Munoz Ledo's warning on 20 February from Rio de Janeiro, Brazil, that was published in the newspaper O GLOBO: The institutional rupture in Mexico, which Munoz Ledo had forseen with his political instinct, could lead to a coup d'etat and Carlos Salinas could govern "as a dictator." And he added: "Carlos Salinas could become the Mexican Pinochet."

Thus, the case of Raul must not be another blow with a broom against the political honeycomb.

Government May Request Extradition of Ruiz Massieu

PA0503033095 Mexico City NOTIMEX in Spanish 0226 GMT 5 Mar 95

[FBIS Translated Text] Mexico City, 4 Mar (NOTIMEX)—Antonio Lozano Gracia, head of the Attorney General's Office (PGR), revealed today the possibility of requesting the extradition of former official Mario Ruiz Massieu, who was arrested in the United States yesterday.

Lozano said in a news conference "yes, it could be" the Mexican Government will request the extradition of Ruiz Massieu, who is under investigation regarding the assassination of his brother, former leader of the ruling party.

Ruiz Massieu was arrested at the airport in Newark, New Jersey, yesterday, because he was carrying $50,000 in cash, $40,000 more than what is allowed without a declaration, during an intended trip, presumably to Europe, with his family.

"Mr. Mario Ruiz Massieu (former attorney general) was summoned to testify as a suspect, and he gave his deposition as such a few days ago," Lozano said.

The attorney general also said the assassinations of Ruiz Massieu and Luis Donaldo Colosio, former presidential candidate of the ruling Institutional Revolutionary Party, are not related.

Lozano referred to Ruiz Massieu in a statement in which he presented two letters reiterating former President Carlos Salinas de Gortari did not obstruct the investigations into the assassination of former presidential candidate Luis Donaldo Colosio.

The letters from two special attorneys general in charge of the Colosio case support what the PGR stated yesterday; that is, quite the contrary, the former president supported the work to solve the crime.

Lozano's statements occurred after former President Salinas suspended a fast, after considering as satisfactory the presidential reply to his demands that the authorities recognize economic errors and state he did not obstruct the Colosio investigation.

Congressional Proposal Urges Conditions on U.S. Aid

PA0403034095 Mexico City UNOMASUNO in Spanish 3 Mar 95 p 5

[Report by Octavio Ochoa]

[FBIS Translated Text] In approving the U.S. financial agreement, the National Congress will place five conditions on the government of the Republic. Congress, through bimonthly reviews, will oversee the implementation of the agreement to ensure that there is no interference in our economic policy, because any such interference would lead to the "dissolution" of the agreement. This is established in a 17-page draft proposal the Chamber of Deputies will discuss beginning Tuesday in its special session.

Likewise, Congress will summon the finance secretary or deputy secretary as often as necessary to clarify any procedures the government may put in place during the implementation of the accord. Today, the Finance Commission will review the document, which this newspaper gained access to yesterday, and, if possible, forward it for its first reading on Monday, according to sources in the Grand Congressional Commission.

Currently, Mexico has no better option other than to accept the signing of this financial agreement with the United States and to attempt to "prepay" it as soon as possible in an effort to terminate it as soon as possible. The draft also says the consideration of a suspension of payments "offers a much greater risk."

The five conditions are as follows:

1. Information from the U.S. Government will be sent to the two chambers as soon as it is received.

2. Using this information, Congress will perform bimonthly reviews through a joint commission of the Chamber of Deputies Finance Planning Commission and Senate Finance Commission. These reviews will be based on a progress report on the execution of the terms of the agreement, particularly in the event of circumstances that might alter the terms of the agreement, or if the U.S. Treasury Department seeks changes.

Specifically, the document adds, care will be taken to prevent any interference in our economic policy, which would lead to the dissolution of the agreement. The joint

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commission may summon the secretary or deputy secretary of finance to its meetings. The government will notify the body of any changes in economic policy matters or in the debt situation. Such reports will not only include Tesobono [treasury bond] and other debit note conversion operations, but also the utilization of the so-called monetary regulatory operations, given that such swap operations alter the originally considered value and nature of the instruments.

3. The National Congress hereby recommends the least possible application of collateral guarantee transactions using long-term note emissions, because these operations require long-term supervision of economic policy.

4. Generally speaking, this body believes the government and people of Mexico must make their best efforts to fulfill the main goals of this adjustment process to generate revenues, attract foreign capital, and prepay this debt load and terminate the agreement as soon as possible.

5. During the first half of September, the National Congress will perform a general assessment of the progress made during the implementation of the agreement.

The Finance Commission's draft proposal says the fact that these agreements do not include any political conditions "means there is progress." It adds that the Mexican Government has defined its economic policy in the Agreement of Unity To Overcome the Economic Emergency. It also notes that the agreement will improve the situation regarding interest payments on the foreign debt and will allow the exchange of short-term, high-interest debt for long-term, low-interest debt.

Regarding the fears voiced by the National Action Party (PAN) and the Party of the Democratic Revolution (PRD) concerning the fate of our oil resources, the commission believes that neither assets nor oil reserves will be sacrificed, and there will be no adverse effects on the nation's exploration, exploitation, production, and export policies. In a word, Congress feels the agreement will contribute to "preventing a systematic crisis."

U.S. Loan To Pay U.S. Creditors

The commission acknowledges that, although the agreement will help resolve Mexico's liquidity crisis, it also will help stabilize the financial markets and interest rates and strengthen the banking system. Likewise, it is "an important means for paying back investors or financial institutions mainly from the United States."

For these reasons, Congress warns Mexico must reserve the right to change its economic policies at any given time with the understanding that the only possible consequence of such a decision would be the creditor's right to decide whether or not to withhold further disbursements.

Political Parties Opposed to U.S. Financial Accord

PA0503204895 Mexico City UNOMASUNO in Spanish 2 Mar 95 p 4

[Report by Jorge Octavio Ochoa and Veronica Valdes]

[FBIS Translated Text] The legislative benches of the PAN [Natonal Action Party], the PRD [Party of the Democratic Revolution], the PT [Labor Party], and one PRI [Institutional Revolutionary Party] legislator voiced their opposition to signing the financial agreement with the United States. They believe this would only benefit speculative financial capital and would open Mexico to absolute interference from the northern neighbor in defining our economic and financial policy.

Salvador Mikel Rivera, a federal deputy of the PRI told Finance Secretary Guillermo Ortiz Martinez that "there are several economic and financial clauses that could constitute a violation to national sovereignty" in the agreement, because in some cases they imply "delegating" the economic decisions to agencies of foreign governments, in this case, the U.S. Government.

He also warned that the agreement accepts submitting our differences to the "arbitration of foreign courts." One might ask, said the PRI lawmaker, "if perhaps this means we would have to provide information about our economic policy to the U.S. Treasury Department and be subjected to its guidelines for 10 years, thus reducing our political management capability?"

The legislator stated that the PRI "does not wish to bargain its support for President Ernesto Zedillo's economic measures," and it is willing to make a full effort to get them approved. He pointed out, however, that "the best way to do this is to analyze all available options to smooth the way and be sure that this is in fact the best answer to our economic emergency."

Meanwhile, Jorge Padilla Olvera, speaking for the PAN, reaffirmed his opposition and affirmed that by accepting this credit, Mexico will only be paying off those who wagered on speculation. In an unexpected move, the party joined the PRD in its position, after stating that "if the speculators lose, then that is their bad luck," they joined in supporting the payment moratorium proposal.

The possibility of our voting in favor of the agreement is practically nil, said the legislator from Nuevo Leon. "There is international interference in our economic policy," he said, as they have imposed our domestic interest rates; they tell us how much money there should be in reserve and even how much we must loan.

"I would like the agreement to be kept a secret," the PAN member said, "because I would be ashamed for anyone abroad to see it. We are committed to annihilating the country's economy. At what interest rate will investors return?" he asked, after pointing out that

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neither the farmers nor the industrialists are willing to refinance their debts with interest rates as high as 60 and 70 percent.

"What began as a trickle of unemployment has become an avalanche. If speculators lost, why should we pay such interest rates? Our priority should not be to save foreigners, but to save jobs, to save the Mexicans," he said.

He also called on the government to consult the congress on all economic decisions from now on, not just in closed-door high level meetings such as the Pact.

The PRD, through its deputies Efigenia Martinez, Saul Escobar, and Raul Livas, warned that the economic plan, as presented, threatens to maintain the current recession Mexico is experiencing, instead of helping to overcome it. Therefore, the party representatives called on their PRI colleagues to oppose the U.S. credits, as it will be the future generations who will inherit the payments.

The contract bars Mexican Petroleum from selling, disposing, creating, or allowing the mortgage, commitment, alienation or any other form of encumbrance of its right to receive payments. Likewise, it prohibits Mexico from transferring or in any other way disposing of charges that might affect the funds granted and located in a special fund account. This places serious limitations on Mexico's rights over its resources.

Livas insisted that Mexico should pay the Tesobonos [treasury bonds] in new pesos, reject the agreement, establish a plan to overcome the recession, and begin a national integration process.

"Just as the people are swiftly judging and demanding jail sentences at Almoloya today for those they believe have betrayed the people's economy through their economic policies, they could soon ask for Almoloya and a firing squad as the penalty for traitors of the fatherland."

Joaquin Vela, representing the PL, said this is not just a financial problem. It is also a structural problem, because there is no real industrial support policy in Mexico.

He said it is disquieting to see how speculative financial capitals receive protection. Strangely enough, it has been these that have benefited from the situation, while industrial capital continues to lag behind. If industry does not receive the support it needs, we will soon become the victims of the insatiable speculative capitals that fled the country, forcing us to ask for such loans as this in order to pay them back, he concluded.

Government Seizes Control of Asemex-Banpais Financial Group

PA0403023595 Mexico City NOTIMEX in Spanish 0014 GMT 4 Mar 95

[FBIS Translated Text] Mexico City, 3 Mar (NOTIMEX)—The Mexican Finance Secretariat on 3 March ordered the administrative seizure of the Asemex [Mexican Insurance]-Banpais Financial Group because of irregularities, such as missing capital and reserves, which could jeopardize its operation.

In a communique, the National Banking Commission [CNB] pointed out that this action was executed through the CNB and the National Insurance and Finance Commission [Comision Nacional de Seguros y Finanzas—CNSF]. It added that despite the "irregularities detected, Banpais will honor its payments," because the law protects savers, depositors, and, in general, bank creditors through the Savings Protection Banking Fund (Fobaproa).

The CNB said the administrative seizure of the association that controls the Asemex-Banpais Financial Group includes Banpais, Asemex, and Banpais Insurance. The administrative seizure of these companies seeks to "normalize their operation as soon as possible to safeguard the people's interests," the CNB explained.

Under an administrative seizure, the respective overseeing commissions appoint individuals who by law acquire, as soon as the seizure is ordered, all powers that an administrative council would have under normal conditions.

Concerning the way in which Banpais customers will be protected, the CNB said that, beginning on 3 March, Fobaproa will provide the company with all of the backing it needs to ensure that all of its commitments are honored under previously agreed upon terms and conditions. In turn, "savers, depositors, and creditors will sustain no losses," the communique added.

The CNB recalled banking commitments have been punctually honored in other seizures, such as those of Banco Union and Banco Cremi, although all capital from credit institutions was lost.

The irregularities detected in Banpais require the replacement of bank management to prevent further deterioration of the institution, because the detected irregularities cannot be corrected through the Temporary Capitalization Program [Procapte], the CNB explained. Procapte was designed only for properly managed banks that only require temporary financial support as a result of the difficult economic situation facing the country.

In terms of insurance companies, administrative seizures are ordered when financial irregularities are detected through CNSF inspection and supervision. Irregularities uncovered in this case consist of missing funds from legally required investments of technical reserves, as well as insufficient minimum guarantee capital, and these problems must be addressed immediately, the CNB added.

Despite these irregularities, the CNB noted, "the insurance institutions of the Asemex-Banpais Financial Group will continue to operate normally and honor all commitments with third parties."

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Bank of Mexico Announces Plans To Issue Tesobonos, Cetes

PA0503232195 Mexico City NOTIMEX in Spanish 0930 GMT 4 Mar 95

[FBIS Translated Text] Mexico City, 4 Mar (NOTIMEX)—The Bank of Mexico (Banxico) has announced that it will try to issue 3.2 billion new pesos in Cetes [Treasury Certificates], $100 million in Tesobonos [Treasury Bonds], and 1.2 billion new pesos in Bondes [Federal Government Development Bonds] for national and foreign investors.

The Banxico stated that after two weeks without issuing Tesobonos for investors, the 7 March auction will offer $50 million in Tesobonos with a 182-day maturity term, and another $50 million with a 364-day maturity term.

In the meantime, for the 8 March auction, Banxico disclosed that it will offer national and foreign investors 800 million new pesos in Cetes with a 28-day maturity term.

The Banxico will also try to place 800 million new pesos for the issue of those instruments with a 91-day maturity term, and the same amount for Cetes maturing in 182 days, as well as for those maturing in 364 days.

Banxico will offer 600 million new pesos in Bondes with a 364-day maturity term and will try to issue Bondes with a 728-day maturity term during the same auction of government securities.

Development Bank Begins Reorganization, Decentralization

PA0503215795 Mexico City NOTIMEX in Spanish 0209 GMT 3 Mar 95

[FBIS Translated Text] Mexico City, 2 Mar (NOTIMEX)—The National Bank of Domestic Trade of Mexico (BNCI) will begin an in-depth reorganization to adjust to the country's current situation, BNCI Director Saul Trejo Reyes disclosed today.

In a news conference, Trejo Reyes admitted that the BNCI is not very widely known, despite the fact that it is the development bank with the most important network of branches at the national level.

In 1995 the institution will implement a program to decentralize its 150 branches. "We are working to regionalize operations and make them more efficient at the central level," he said.

Trejo Reyes said that as part of that decentralization during the first half of 1995, the BNCI will reduce its labor force, which is currently 3,500 workers, by 10 percent.

Trejos Reyes stated that during its first directors council, the BNCI defined two objectives that will be fundamental for Mexico's current phase: to support small and medium businesses, and to promote the country's commercial modernization.

The support program for small and medium businesses, he explained, is of a highly social nature because of the number of beneficiaries the BNCI plans to reach. This program will mean more affordable prices for consumers.

As for the programs to support commercial modernization, he noted that they are focused on developing a commercial infrastructure, and the joint participation of the state and municipal governments will be key elements.

Trejo Reyes pointed out that the institution had to reduce the scheduled credits to be repaid [derrama de creditos] and has been affected because the national financial development banking group withdrew its support for the business sector.

This situation will enable the BNCI to work with more resources from the Trusteeship for Commercial Development (FIDEC) and to strengthen its activities to increase individual deposits at its branches.

"We have been given a ceiling of a net indebtedness of approximately 750 million new pesos ($122 million)," he added.

In the meantime, "the volume of total credits to be repaid is programmed to be the same as the nominal figure registered in 1994, which was 13 billion new pesos ($2 billion)," he explained.

As for the BNCI's overdue portfolio, he stressed that it is approximately 12 percent of its total portfolio, not so high if the market share and its social function are considered, Trejo Reyes remarked.

We are working with the proper authorities with a plan that will enable us to reduce or increase payments of account holders individually, he said.

Zedillo Announces Measures To Aid Business

PA0403151095 Mexico City EL FINANCIERO in Spanish 1 Mar 95 p 38

[Article by Leticia Rodriguez, Isabel Becerril, and Arturo Gomez Salgado]

[FBIS Translated Text] President Ernesto Zedillo announced yesterday that the Mexican Government will increase import tariffs to the maximum level of 35 percent specified by Mexico within the World Trade Organization [WTO] on clothing, shoes, and leather goods for countries with which it has not signed free trade agreements. He denied, however, that this temporary measure implied "a return to the vices of protectionism."

Among the initial actions to give national production plants, particularly small ones, a respite, he also announced the creation of the National Council of Micro, Small, and Intermediate Companies and the establishment of a system similar to Ficorca's [expansion

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unknown]. In addition, the Bank of Mexico will launch investment units that will lead to the restructuring of credit portfolio payments and further deregulation.

Reaffirming that "the truth does not frighten Mexicans," the president maintained that "the authorities' first responsibility is to enforce the law. Those who govern must respect the law just as those who are governed."

"In all aspects of national life—and I have said I would do this since I assumed the presidency of the republic—I will govern with the law in my hand and the truth in my mouth," he added.

Opening the 54th Regular General Assembly of the National Association of Manufacturers (Canacintra), Zedillo admitted the current economic situation "is very complex and very serious," but the government will not postpone solving problems. He added that the structural strength of the national economy will help overcome the crisis.

Two days before the expiration of the Agreement of Unity to Overcome the Economic Emergency (AUSEE), which was signed on 3 January, he revealed that the Bank of Mexico will soon implement a new system, know as units of investment, to collect funds and to grant credit and resources to banks to help companies restructure payments of portfolios.

To rescue companies facing serious financial problems, the Bank of Mexico and the Finance Secretariat will design a system similar to Ficorca's, which was established in 1983 when we were struggling to prevent the deterioration of finances and production in Mexican companies caused by high indebtedness. This saved them, the chief executive recalled.

To achieve this goal, however, it is crucial that "monetary authorities stand firm behind our banks," he emphasized.

Zedillo assured that Mexican banks are solid institutions "because the Bank of Mexico has all the instruments to fully support the collection of funds and the liabilities of Mexican banks." Thanks to this support, the country's banking institutions will have a genuine opportunity in having at its disposal the new unit of investment instrument to restructure and adjust their portfolios.

Units of investment, the president added, will benefit investors, savers, and debtors. Debtors will see a reduction in nominal debt payments, which currently include a large sum created by inflation.

Amid an atmosphere of expectation at the Canacintra auditorium, and before members of his cabinet and leaders of the country's business hierarchies who were wearing harsh expressions, the president announced increases in import tariffs on clothing, shoes, and leather products to fight unfair competition and achieve just treatment in international trade.

Zedillo clarified that this is a temporary measure and does not imply a return to protectionism. He added that the measure is indispensable and just because the importation of many of these articles has limited development potential in certain sectors due to unfair competition.

The tariff increase will not be applied to countries with which Mexico has negotiated free trade agreements, such as the United States, Canada, Chile, Costa Rica, Colombia, Venezuela, and Bolivia, he stressed.

Zedillo explained that domestic clothing producers are facing protectionism in third country markets because of the Multi-Fiber Agreement; therefore, the Mexican Government will notify the WTO of its intention to preserve our right to temporarily impose import quotas on those products.

He remarked that as soon as conditions allow, consultations with our commercial partners will begin to negotiate the adoption of these quotas.

He thus instructed Herminio Blanco Mendoza, secretary of commerce and industrial development, to immediately analyze ways to improve the treatment of manufacturing, shoemaking, and leather sectors so they can generate foreign currency in addition to jobs.

Additionally, training plans, business promotion, and entrepreneurial development will be promoted, together with the strengthening of the marketing ability of these sectors in their foreign trade, the president mentioned.

In light of the complaints by the country's industrialists over the serious problems of liquidity, shortages, the high cost of money, insolvency, and the threat of collapse by production facilities, Zedillo reported that the National Council of Micro, Small, and Intermediate Business will be created.

The Council will be a permanent forum for reaching accords on policies that will strengthen these types of businesses and will include representatives from various government entities and private sector organizations, he indicated.

In addition, Zedillo guaranteed that the deregulation will be extended at all levels of government within a legal framework that is totally clear and allows micro, small, and intermediate businesses to operate within competitive timeframes.

Secofi [Secretariat of Commerce and Industrial Development] Will Review Illegal Three-Party Transactions

Secofi Secretary Herminio Blanco Mendoza reported that to prevent unfair trade practices, a consolidated 35-percent tariff will be established shortly on the import of textiles, shoes, and leather goods.

After President Zedillo announced the package of measures to guarantee fair and reciprocal international trade practices, the commerce secretary said they will also

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review other sectors where illegal transshipments or invoicing at lower prices to avoid import duties have been detected.

Blanco Mendoza explained that these are neither protectionist nor border-closing measures, adding that the tariffs will be applied to imports from countries with which no trade agreements have been signed.

The measure to protect the national industry from unfair trade practices was accepted enthusiastically by the country's business community. Fernando Cortina Legarreta, president of the Confederation of Industrial Chambers, stressed that said action creates new prospects for reactivating production.

He asserted that it is absolutely valid to restrict imports from countries with which no commercial agreement has been signed and that this is contemplated in GATT and now in the WTO.

Cortina Legarretta said that fortunately, the first specific steps have been taken to free up national production. He said contacts are maintained with all business sectors to present an industrial policy document that will spark production in the short term.

Private Sector Worried About Exchange Rate, Tax Increases

PA0503234595 Mexico City LA JORNADA in Spanish 2 Mar 95 p 50

[Report by Andrea Becerril]

[FBIS Translated Text] Representatives of leading organizations in the private sector told the government's Economic Pact team last night that they are concerned by the still unstable exchange rate and intentions to increase the tax burden, particularly the value-added tax (VAT), which they feel would be a drawback at this time.

Leaders of the Business Coordinating Council (CCE), the Confederation of Industrial Associations (Concamin), the Confederation of National Chambers of Commerce (Concanaco), and the Mexican Banking Association sat down with the secretaries of labor, finance, commerce, and agriculture and discussed for almost four hours the current economic situation. They presented several proposals, including a 1.5 reduction in government spending and stabilizing the exchange rate at 6 new pesos to the dollar.

None of the business leaders was willing to disclose any details of the lengthy meeting except to agree on their concern about the unstable exchange market.

On this issue, Santiago Onate Laborde, labor secretary and president of the Commission for Evaluating the Pact for Welfare, Stability, and Growth, recognized that it is difficult to propose any changes to the Economic Pact without a stable exchange rate.

He added that last night's meeting had been called by the management sector to try and define proposals to strengthen the economic program created last 3 January.

Onate reaffirmed that there is still no set date for modifying the Agreement of Unity to Overcome the Economic Emergency. Although he would like to sign the new agreement this week, there is still much to discuss and agree upon.

The official added that in addition to meeting with the private sector, he must still hear the opinions of workers and peasants. The idea, he said, is to discuss and establish where an agreement is possible and what issues can be improved by mutual agreement.

When asked about drafting an economic plan without a currency exchange policy, the labor secretary said it would not be possible, because one of the main components of the financial program is a fixed set of rules to govern the exchange rate.

Concanaco President German Gonzalez Quintero said that in the business sector's opinion, it is imperative to adjust the Pact, particularly aspects pertaining to the peso-dollar exchange rate. He said they are not planning a fixed exchange rate, but stabilizing it, as it was before the December devaluation. "We have noted that the rate is set at about 6 pesos these days, and I believe we could work from there."

He pointed out that another of the private sector's positions is its opposition to tax increases, as this would have social side effects. "The best thing at this time is not to increase the VAT."

Government Seeks Solution to Conflict With Mercosur

PA0503200695 Mexico City EL FINANCIERO in Spanish 2 Mar 95 p 24

[Article by Lourdes Gonzalez Perez]

[FBIS Translated Text] The Mexican Government presented a formal proposal to its counterparts in Argentina, Brazil, Paraguay, and Uruguay to resolve the trade conflict with those countries.

According to information from the business sector, Mexico asked for the temporary renewal (six months) of preferential tariffs with that region to lay the foundations of and to negotiate a broad free trade agreement during that time.

In light of the suspension of commercial exchange due to the institution of a Common External Tariff (AEC) by the so-called Mercosur [Common Market of the South], the Mexican Government proposed a solution that enables the countries to resume commercial activities and at the same time, outlined mechanisms to improve the relations with the four countries.

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According to the members of the private sector linked to foreign trade with Latin America, this proposal would open the door to negotiate a free trade agreement between the four members of Mercosur and Mexico.

We should make it clear that the average AEC set up since the first day of January of this year by Mercosur for the rest of the countries amounts to 11.5 percent, the lowest 2 percent and the highest 20 percent.

We must also mention that in the case of the automotive sector, no new tariff has been set up and it remains to be defined.

Thus, even if the tariff might not be very high, the preferential tariffs that existed in those countries for various Mexican products are being eliminated, which constitutes an obstacle for their access to the markets of those countries.

Mexican businessmen have pointed out that this new AEC affects approximately 500 products. Of these products, four in particular belong to the chemical sector, and their access, especially to Argentina and Uruguay, would become too expensive.

In light of this situation, while the governments and the private sectors of Argentina, Brazil, Paraguay, and Uruguay demanded that Mexico extend the benefits that had been granted to the United States and Canada through NAFTA to them, the Mexicans demanded preferential tariffs by the four member nations of Mercosur.

However, from the beginning of 1995, commercial relations were virtually suspended between the two sides.

It is expected that the Mexican Government's initiative to resume the validity of the agreements with the four countries for another six months will help to resume commercial exchange and begin negotiations to reach a broad commercial agreement.

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El Salvador

President Rejects FMLN Threats To Initiate Mobilizations

PA0503120895 San Salvador EL DIARIO DE HOY in Spanish 3 Mar 95 p 2

[FBIS Translated Excerpt] President Armando Calderon Sol said yesterday there are still people within the FMLN [Farabundo Marti National Liberation Front] who have "violent, radical" positions. Calderon Sol made the statement after rejecting the threats made by the former guerrillas to initiate today "an escalated and continuous campaign of mobilizations" to demand the fulfillment of the pending peace agreements.

After confirming at the Legislative Assembly his request for permission to travel to Copenhagen, Denmark, to the World Summit on Social Development from 6-15 March, the president said the government is exerting an effort to avoid another rescheduling of the peace agreements.

He said that each Salvadoran is contributing his money toward the fulfillment of the agreements but that there are limitations in addition to certain land registration problems, the solution to which will be accelerated through a legislative decree.

The FMLN also has a responsibility, however, in the delay, because it has not finished drafting the list of its beneficiaries for the land transfer program. Consequently, both sides have a responsibility in the delay. The FMLN threats are a way of trying to gain prominence, which is unacceptable, the president said.

Salvador Sanchez Ceren, alias Leonel Gonzalez, coordinator of the FMLN, a former guerrilla group, said in a news conference yesterday "the process will be extended if the FMLN does not take to the streets."

Sanchez said the government is trying to delay the fulfillment of the peace agreements until 1996 with the purpose of obtaining electoral advantages in the upcoming legislative elections.

"We are not going to allow this (the nonfulfillment of the agreements) to be delayed any further and mixed with the elections. The actions will be on a national level and will increase if there are no short-term results," he said.

Psychological Problems

President Calderon Sol said the this threat does not come from the entire FMLN group. "It could be from the most radical faction; there are still people within the FMLN with a radical, violent mind, who refuse to abandon their ultra-leftist positions," he added.

"Others still have psychological problems and start making threats, blackmailing, and waging subversive wars to destabilize the peace process. We hope this type of people, very few of whom remain, start joining the democratic process completely," he said.

He said the members of the former guerrilla group who are threatening to promote protest marches still do not understand a democratic process needs stability, a state of law, and observance of the law.

Sanchez Ceren said the actions planned by the former fighters, all of them beneficiaries of the Land Transfer Program (PTT), will be "peaceful."

Sanchez Ceren said the FMLN is not trying to destabilize the peace process initiated in 1992 with the signing of the peace agreements in Chapultepec, Mexico, and said "the actions we will carry out are legitimate."

Onusal [UN Observer Mission in El Salvador] Asks for No Violence

Onusal chief Enrique Ter Horst has called on the FMLN and former soldiers who are unhappy with the authorities not to carry out violent actions due to the nonfulfillment of the agreements.

"The occupation (of properties) and violent actions (over the delay in the fulfillment of the peace agreements) are not justified, because the government has demonstrated its willingness to accelerate this process," Ter Horst has said.

"The government has demonstrated a clear commitment to fulfill (the agreements)," said Ter Horst, chief of the international organization that will end its mission in El Salvador on 30 April.

Ter Horst met with Legislative Assembly President Gloria Salguero Gross yesterday morning. Following the meeting, the Onusal chief said they talked about the need to accelerate the fulfillment of a few points that are still pending in the peace agreement, for example the approval of a new penal code as well as the passage of certain human rights treaties.

The PTT seeks to benefit 15,000 former soldiers, 7,500 former guerrillas, and 25,000 civilians or "land dwellers." [passage omitted]

Honduras

President Defends Voluntary Military Service

PA0603020295 San Pedro Sula TIEMPO in Spanish 3 Mar 95 p 45

[Report by Daniel Serrano]

[FBIS Translated Text] Tegucigalpa—President Carlos Roberto Reina said yesterday that those opposed to voluntary military service are demonstrating "political egotism." Regarding electricity, he said the government is in a position to guarantee there will be no more energy rationing.

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The president, while participating in the signing ceremony of the Local Human Development Program for Honduras' Western Region, said that voluntary service was a campaign promise, and the first part of it has already been implemented. He noted that right now the idea is to consolidate this "excellent decision," which is good for the young people of Honduras and for the country's peace.

Before, he said, we had manhunts after which the children of the rich were released and the children of the poor remained. He affirmed: "If there is one single Honduran in favor of this, he is wrong and against the majority of the people."

He noted: Now we will have a political debate in the legislature, where some, out of political egotism, want to impose conditions on their support for voluntary service, and others do not want the majority party to score a victory.

The president said that if this political egotism works against the majority of the people, "it will work against the egotists themselves because the unhappy people will vote against them."

President Reina said that when the Armed Forces express their opposition to the voluntary military service, this does not mean they are being insubordinate but that they are deliberating.

He said that on Wednesday [1 March] he met with Army Commander Colonel Mario Hung Pacheco, who expressed his opposition to this reform of the Constitution.

Reina said that only people who were traumatized and now want revenge for what they once suffered could be in favor of forced recruitment.

Regarding the energy problem, he said he has given a vote of confidence to Jeronimo Sandoval, the manager of the National Enterprise for Electric Power, and allowed him to speed up procedures.

Regarding the executive decree that declares the valleys of Sica and Paulaya agrarian reform zones, he said the most reasonable thing to do is open a debate, because ecology cannot keep the peasants from eating.

"If those who have gone to that region to buy large tracts of land are those who do not want the peasants to eat, this is an injustice," he said.

The president said he will seek consensus, considering that reports on ecologic matters must be available. He stated that the executive decree will not be suspended.

Regarding the situation of Tegucigalpa Mayor Roberto Acosta, who was recently accused of misappropriation of public funds, Reina said this must be investigated.

Sometimes a person can break the law because of a hasty decision, Reina said. He added: The mayor must explain this. Reina commented that Acosta is a good and dynamic official.

Discua Disagrees With Reina

PA0603020395 San Pedro Sula TIEMPO in Spanish 3 Mar 94 p 3

[FBIS Translated Text] Tegucigalpa—Armed Forces Chief General Luis Alonso Discua Elvir yesterday expressed his categorical opposition to voluntary and educational military service because "the economic means are unavailable," and even if they were, the Armed Forces would become mercenary.

The military chief thus demonstrated his opposition to President Carlos Roberto Reina's intention to fulfill his promise.

Discua Elvir discussed the issue after meeting with police officers at Casamata General Headquarters, where they also discussed the transfer of the Public Security Force (FUSEP) to civilian power.

Discua was asked his opinion about President Reina's call to young people for support to ensure that voluntary and educational military service is confirmed at the National Congress. Discua's response was: "Remember that this is a commitment by the president of the Republic, which he has reiterated on various occasions. I do not want to argue with the president, because he is my immediate superior and I have always tried to respect his views."

Discua pointed out that if this new method is accompanied by salary improvements, such as a minimum wage, it could be a solution, but we "have more difficult economic problems to which our people should attend."

He said that the only countries that have voluntary and educational military services are the United States and Great Britain, which cannot be compared to a poor country like Honduras.

According to Discua, military service can be combined with volunteer service and the professional military service provided by noncommissioned officers, specialists, auxiliary forces, and officers.

Discua said that the results of the drawings were good, although some of the youths summoned did not show up. He added that the problem in Honduras is that laws are not fulfilled, giving as an example the degree of income tax evasion.

Discua was asked for a solid argument against confirmation of the voluntary and educational military service, to which he responded: "First, there is no money to implement the educational aspect; no effort has been made at the ministerial level with the Armed Forces to execute that aspect; and the social and democratic aspects and a host of other things... have not been implemented."

"Therefore, I believe there are a host of problems. I am not saying it is impossible, but right now it is very difficult, and Honduras would be unable to bear the circumstances. The cost would be high, and we would

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become a mercenary Armed Forces. An Armed Forces is mercenary when it pays huge salaries for the defense of a country," he said.

Regarding the transfer of the police to the civilian sector, Discua said that the military would like to see "an orderly, conscientious transition that would be more positive than negative, but if it is done the way the DNI [Department of National Investigation] was done, it will be negative."

He said there should be no problem if the FUSEP's entire structure is turned over to civilian power, adding that the only things that would have to be done would be to improve salaries, purchase equipment and vehicles, and employ more agents.

Discua said that under civilian power the police force will get more aid from international organizations and will improve its performance in the struggle against crime, but "this is not a magic wand that will make crime disappear."

Nicaragua

Dora Tellez on Renewal Movement

95CA0115 Managua EL SEMANARIO in Spanish 19-25 Jan 95 pp 16-17

[Interview with Dora Maria Tellez, Renewal Movement leader, by Edgard Solorzano; place and date not given—first paragraph is EL SEMANARIO introduction.]

[FBIS Translated Text] EL SEMANARIO is reporting this interview with Commander Dora Maria Tellez, one of the principal leaders of the Renewal Movement. During this interview she assessed the current situation of the FSLN [Sandinist National Liberation Front]; the prospects for the Renewal Movement as a party, in terms of the 1996 elections; and the position of the Sandinist bench on the extremely controversial issue of property ownership. Dora Maria Tellez stated categorically that the bench will defend the property rights of the poor and has submitted a draft law to the National Assembly to this end.

[Solorzano] What is your assessment of the current situation of the Sandinist Front?

[Tellez] What is happening now is a political split in the FSLN. As a party, it has been losing a very substantial part of its strength, both among the leadership and among the members. These sectors have been moving away from the official party bodies and taking shape as a very different political force.

[Solorzano] What are the basic reasons for this split?

[Tellez] Well, the cumulative discredit to which the official structure has been subjected is due in part to the political situation with regard to national problems, and in part to the political action taken regarding internal party problems.

[Solorzano] You recently resigned from the national board of the FSLN, and you are one of the principal leaders of the Sandinist Renewal Movement that is soon to be organized as a political party. Does this mean that you are withdrawing as a militant?

[Tellez] I am abandoning my affiliation with the FSLN, but not my Sandinist militancy. I want to make this very clear. My withdrawal from the FSLN is obviously connected with the future organization of a new political force that may emerge within the Sandinist movement, and I think that this is necessary.

[Solorzano] What sort of political force do you mean?

[Tellez] One of a Sandinist type, one that espouses the political, ethical, and moral principles that were abandoned by the official structure of the FSLN. It must be a political force that can represent the Sandinist movement as Nicaraguan society approaches the year 2000. It must be a Sandinist party profoundly committed to democracy, to the struggle for better conditions for the poor, to social justice in the full sense, and to the consolidation of peace for the country.

[Solorzano] Would these terms describe your political situation?

[Tellez] Yes. That is, I do not see my unavoidable withdrawal from the FSLN as a departure from the party without a definite political option. That is because I am committed to linking my withdrawal from the FSLN with working to build a new political force based on Sandinist principles.

[Solorzano] What do you believe are the prospects of the Sandinist Renewal Movement as a party in terms of the 1996 elections?

[Tellez] There is an excellent chance in 1996 for a political force that offers an alternative other than returning to an authoritarian regime, which is what the Constitutionalist Liberal Party is offering, or a return to the previous conditions. I believe that the solution for the country does not lie in trying to return to the early years of the revolution, or to the days before the triumph of the revolution.

[Solorzano] What alternative would the Renewal Movement propose?

[Tellez] The alternative is a political force able to present a program for coping with the acute economic situation in which the Nicaraguan people find themselves, one that can provide full guarantees that democratization and the consolidation of peace will continue. I believe there are excellent prospects along these lines, because the Renewal Movement enjoys prestige, and it maintains a political position developed for Nicaraguan society. Therefore, I think the prospects are excellent for the eventual establishment of the Renewal Movement as a party. Now, beyond the potential for 1996, which is a short-term goal, the most important thing is the very fact

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that this political force should be a permanent force in our national life. In other words, it should be a force whose existence does not depend on the electoral situation in 1996, but on an understanding that Nicaragua needs a different political alternative, one other than either of the polarized extremes, and one that can, in addition, provide a realistic solution—one without demagogy, one oriented toward a national solution.

[Solorzano] Given the political prospect that a Renewal Party will be established in the future, how should the unity of the Sandinist movement be viewed?

[Tellez] The Sandinist Front is a political party. Sandinism is much broader than the political party itself. I would say that the Sandinist movement is a political and social movement that can be embodied in different forms.

[Solorzano] What would these forms be?

[Tellez] The Sandinist Front now seems to be a form of the Sandinist movement, which has been separated into parts because of the leadership of the official structure. But this is not the Sandinist movement, nor is it the original Sandinism. Nor is it the root of the principles of Sandinism. There is, then, within the Sandinist spectrum, another force, the Renewal Movement itself.

[Solorzano] But how should the unity of the Sandinist movement be viewed under these circumstances?

[Tellez] In view of the divided circumstances within the Sandinist Front at present, I suppose that the best way of achieving unity is to seek opportunities for cooperation on the existing points of agreement. The factors that are causing division in the FSLN are political. Any possibility of unity would involve the resolution of these things, which I do not see happening in the short run. I do indeed see the possibility of developing a dialogue, a continuing discussion with any Sandinist political force or any other political force that will contribute to a search for basic points of agreement. I believe that unity of the Sandinist movement must be a political aspiration, but I do not believe that it can be an aspiration that goes beyond what the points of agreement allow. There can be no unity if there is no agreement on political policies, and now there are already differing policies. Nor can there be unity when the political discussion within a party becomes a filthy war. Where the orthodox sector is concerned, a filthy war has been waged against all of those who propose a different way of approaching the current actions of the Sandinist movement. There is not much likelihood, then, that Sandinist unity can be achieved without basic political agreements, and basic ethical agreements.

[Solorzano] The official sector of the FSLN has said that the split was promoted by the Renewal Movement beginning some months ago, and it even says that the date 21 February of this year was targeted. To what extent is this true?

[Tellez] If there was talk of dividing the FSLN, it had to have been in the official structures. I am becoming increasingly certain that the group that heads the official structures has been planning a crisis and the division of the Sandinist movement for a considerable period of time. This would explain the conduct of this group during the Congress and afterwards concerning everything represented by the Renewal Movement. This would explain its conduct with regard to BARRICADA; with regard to Sergio Ramirez, when they removed him from the bench; and with regard to the Sandinist bench itself. The entire policy promoted by the leaders of this part of the orthodox sector has been designed to divide the Sandinist Front.

Therefore, in the Renewal Movement, we have made it clear from the beginning that we wanted to bring about changes in the FSLN. We can conclude that the conditions within the FSLN required to bring about change, and even those needed to offer an alternative to Nicaraguan society from within the Sandinist movement, have been exhausted, and this occurred because of a closed, revanchist policy on the part of the orthodox sector.

[Solorzano] Recently, an affinity between the Renewal Movement and the Christian Democratic Union (UDC) and some parties in the UNO [National Union of Opposition] has been noted in the National Assembly. What likelihood is there of an alliance with the 1996 elections in mind?

[Tellez] The Sandinist bench includes Sandinists who are not affiliated with any political party, others who are members of the FSLN, still others who are members of the Renewal Movement, and some who belong to no movement at all. The Sandinist bench in the National Assembly has, then, pursued a policy of seeking alliances based on concrete issues. We are talking mainly about alliances for the purpose of getting the constitutional reforms implemented. On this issue, we have reached agreement with the UDC, one sector of the UNO, the APC [expansion not given], the MDN [Nicaraguan Democratic Movement], and independent forces in the Assembly itself. Previously, we had reached agreement with the UDC on some portions of the legislative agenda. I believe that the alliances established with a view to 1996 must be based on political programs. It is our desire to maintain open communication with the UDC and with the rest of the forces in the National Assembly. Where the Renewal Movement is concerned, any alliance must involve basic political understandings. There will not be an alliance without political support, which it will be necessary to develop. This is because the end of 1995 and the middle of 1996 represent precisely the right periods for developing alliances with a view to the elections, in order to offer a clearly defined alternative.

[Solorzano] On the subject of the legislative benches—is it true that the Sandinists currently have three?

[Tellez] The only sector that has left the Sandinist bench is the orthodox sector. Its members have not succeeded

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in establishing a separate bench officially as yet. However, they have informed us that they are doing so, and that it will be headed by Bayardo Arce, the leader of the "little bench" during the negotiations concerning the board of officers. This orthodox sector has been moving away from the Sandinist bench since the debate on the constitutional reforms, when its members adopted a dissenting position, as they did in relation to the leadership council, as well. The rest of the Sandinist bench remains cohesive with regard to the political programs that we are going to discuss on the legislative agenda.

[Solorzano] To what extent is the expulsion of the orthodox sector from the Sandinist bench valid?

[Tellez] We have not expelled anyone. This group rejected the cohesive policy of the Sandinist bench on the constitutional reforms. Thus there was no expulsion. Any deputy who wants to return to the Sandinist bench may do so, provided always that he realizes he is joining a bench that has a cohesive policy and discipline with regard to the interests of the Sandinist movement in the National Assembly.

[Solorzano] There are two basic issues in this legislative period—the constitutional reforms and the property ownership issue. Can you tell us what the position of the Renewal Movement on the property issue will be, in view of the fact that this was one of the basic points on which the differences began to develop?

[Tellez] We want to defend the property interests of the poor. The first consideration is to provide a guarantee of the stability and security of the property rights of poor people. We are not going to defend the ownership of mansions or summer homes, because that is not the kind of property owned by poor people. We are going to concentrate our efforts on the defense of what poor people own. Second, we are going to seek a consensus, because the problem of property ownership is both political and economic. In both respects, the problem can only be feasibly resolved based on a consensus within the National Assembly, and outside it, on the approach needed in order to find a definitive solution to the ownership problem. We are talking here about taking into account the problem of the beneficiaries, the individuals affected, the role the state must play, and, obviously, the social conditions affecting the life of the people at present. We cannot speak here of dispossession, and that is the reason for the need for consensus.

[Solorzano] The orthodox sector has the same things to say on this concept. Do you believe that this will make a united view within the Sandinist bench possible at a given moment?

[Tellez] The Sandinist bench must discuss the property ownership issues based on the proposal we are submitting, and also based on the proposals submitted by the other parliamentary factions. But I could not say what the position of the orthodox sector will be, because the only thing I have heard is that they are trying to defend complete ownership, including everything. I believe that the priority issue is the property rights of the poor people—the neighborhoods, cooperatives, and plots of land. We are talking about properties legally obtained in accordance with Laws 85, 86, and 88. This already differs from the orthodox position.

On the other hand, the proposal put forth by the Sandinist bench calls for the immediate prosecution of people who acted outside the law and committed abuses where property was concerned. Everyone who has land he is not supposed to own, who obtained a house illegally, or who has two houses—which is a violation of the law—should be taken to court. There is no other remedy possible.

[Solorzano] At one time, the orthodox sector tried to negotiate the property issue with the government, while bypassing the parliament. What are the prospects for these negotiations?

[Tellez] I believe that no such negotiations ever existed. The orthodox sector used this as an argument in order to seek advantages with the government. It is a question of an alliance without political support, one designed to support the continuation of a system of power. Beyond what has been said, I do not know what the intention of the orthodox sector is regarding this issue.

[Solorzano] How soon might the property law be promulgated?

[Tellez] It is difficult to estimate, but it is indeed necessary to consider two lengths of time—the shortest possible time required to guarantee stability, and the shortest possible time needed to guarantee consensus. But these periods cannot extend beyond 1995, since 1996 is an election year, and matters will proceed in a different way. In addition, no political force wants to win power with the property issue still pending. That makes this year the one in which this problem needs to be resolved.

Panama

U.S. Said To Recognize Improved Drug Efforts

PA0503223395 Panama City LA PRENSA in Spanish 3 Mar 95 p 2a

[Report by Vilma Figueroa]

[FBIS Translated Text] Attorney General Jose Antonio Sossa has said the updated legislation to combat drug trafficking and money laundering has allowed Panama to work more efficiently in past months to prosecute drug-related crimes.

Sossa made the remarks after it was announced in Washington that the Bill Clinton administration had issued "certification" stating that Panama cooperated in the international struggle against drugs and money laundering in 1994.

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Sossa explained that in the past months the legislation governing prosecution of drug trafficking has been updated to allow authorities responsible for fighting and prosecuting drug trafficking to do their jobs more efficiently.

He also noted that efforts are under way to organize mechanisms to detect money laundering and drug-related financial crimes.

The attorney general indicated that administrative measures were taken to raise the quality of personnel and equipment throughout the Attorney General's Office.

In Sossa's opinion, the United States recognized the measures Panama took to face drug trafficking and money laundering.

The Clinton administration expressed its satisfaction at the "excellent" cooperation of the new Perez Balladares administration. Robert Gelbard, assistant secretary of international narcotics matters, communicated the opinion.

Manuel Antonio Noriega was able to publish an entire book of all the congratulations he received from various U.S. Government agencies for decisively combating drugs. Currently, the former dictator is serving a 40-year sentence in a U.S. prison.

Last year Gelbard criticized the actions by then President Guillermo Endara for the problems of drug trafficking and money laundering.

According to Sossa, the advances in the legislation to combat drug trafficking place Panama "in the lead" of the war on drug trafficking and money laundering.

He hailed the work of the new Attorney General's Office staff in fighting drug-related crimes.

President on U.S. Certification

PA0603000295 Panama City LA PRENSA in Spanish 3 Mar 95 p 1A

[Report by Manuel Alvarez]

[FBIS Translated Text] President Ernesto Perez Balladares has announced that his administration will take measures to keep drug traffickers from abusing institutions such as the Corporations Law and the international banking center.

Referring to certification by U.S. President Bill Clinton's administration that the country has made progress in the struggle against drugs in 1994, Perez Balladares said Panama's battle against drug trafficking and money laundering must be fought by the government on behalf of national interests.

He said that his administration's efforts are intended to keep the Panamanian banking center from being used for money laundering, according to a bulletin released by the presidency.

The U.S. Government has certified that during 1994 Panama developed a framework for fighting drug trafficking and money laundering. Perez Balladares said that "some measures will be taken," including "the creation of a special unit against money laundering." He did not specify the measures, however.

He added: "In our country, there are very old and reliable institutions. Criminals have abused the Corporations Law and the international banking center. Money launderers have cast a negative image of Panama with their abuses" against these two institutions.

According to the U.S. Government certification, the country's efforts against illegal drugs were reduced by the change of government in Panama last September. The certification added, however, that the administration of Perez Balladares "adopted a policy of fighting money laundering, for which new banking controls were established."

Furthermore, Deputy Foreign Minister Omar Jaen has said that the certification is the result of the Perez Balladares administration's effort in the fight against drug trafficking. "We are making a tremendous effort to meet a commitment, first of all to ourselves, because it is in our national interest to rid our country of everything that smells like corruption," Jaen said. He added that the efforts are also directed at drug trafficking and money laundering.

The certification process is a review of counternarcotics efforts by nearly 150 countries around the world. If these countries fail to receive certification for their overall efforts or for security measures, they will "lose" U.S. aid, according to the U.S. regulations.

Jaen finally said: "We are very happy about the certification and regard it as a legitimate and just recognition of Panama's efforts" to deal with the drug scourge.

Prosecutor: U.S. Has Not Sought Accused Killer

PA0503204795 Panama City LA PRENSA in Spanish 5 Mar 95 p 4a

[Report by Jose Otero]

[FBIS Translated Text] Fourth District Attorney Dimas Guevara said that the U.S. Government has not legally sought Pedro Miguel Gonzalez, accused of the 10 June 1992 murder of U.S. Southern Command soldier Zak Hernandez and explained that the case has not "stalled" since it is at the investigatory phase.

The investigation official also said that two other persons implicated in this murder are also still at large, although warrants for their arrest have been issued and they are banned from leaving the country.

The accused is the son of Gerardo Gonzalez, Revolutionary Democratic Party (PRD) president. After three years as a fugitive, Pedro Miguel Gonzalez surrendered

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last January to President Ernesto Perez Balladares and was immediately turned over to the appropriate authorities.

Guevara explained that the case falls within the sphere of regular Panamanian justice, and no other government or foreign court has jurisdiction over it. "This case is being handled under the control of Panamanian justice, and no U.S. court is observing it or has requested to do so," the Attorney General's Office district attorney has stated.

He added that the phase of questioning the accused has ended, and his office is currently collecting scientific evidence and conducting ballistic tests to draw up the conclusions.

An alleged "Panamanian command unit" opened fire and killed the U.S. serviceman while he was riding in a Hummer jeep in the Chilibre area. Another U.S. soldiers was seriously wounded in the attack.

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Argentina

IMF Announcement of Loan Disbursement Reported

PY0403012595 Buenos Aires TELAM in Spanish 2326 GMT 3 Mar 95

[FBIS Translated Text] Washington, 3 Mar (TELAM)—The IMF announced tonight that an agreement was reached by which Argentina would recover two installments, worth $400 million, of the extended facility agreement that this country refused to use last October.

The IMF issued a brief communique stressing that the institution reached "an agreement on fiscal goals" for 1995 with the Argentine Government, adding that the organization "will request the liberation of the balance that was not withdrawn from the resources assigned under the extended facility agreement with Argentina."

Cavallo Requests, Receives Support for Economic Program

PY0303180995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0100 GMT 3 Mar 95

[FBIS Translated Text] Buenos Aires, 2 Mar (NA)—Amid hectic reports on probable new measures, Economy Minister Domingo Cavallo today asked workers and entrepreneurs to continue to support the economic program, noting that "there is no reason for an atmosphere of unrest in the market place."

The minister managed to have his appeal ratified today by all the National Economic Council sectors, which signed an agreement, concurring that "there are no sector interests that are greater than national interests." The National Economic Council was unexpectedly convened by the minister.

According to the agreement signed at the end of a meeting held at the Economy Ministry, Cavallo managed to commit commerce, industry, agriculture, and workers to "supporting all the decisions that will contribute to overcoming the problems of this juncture."

Jorge Di Fiori, the Argentine Chamber of Commerce [CAC] president, and CGT [General Confederation of Labor] Secretary General Antonio Cassia agreed in pointing out that, during his explanation, the minister "admitted the existence of a crisis of confidence, and announced the implementation of new measures, without specifying them," to overcome the crisis.

However, Finance Secretary Ricardo Gutierrez and Argentine Industrial Union (UIA) President Jorge Blanco Villegas denied this possibility, and emphasized that the minister did not say a word about new measures.

Before this meeting, Economic Programming Secretary Juan Llach had emphasized that the government does not plan on implementing new measures, but "every effort will be made" to regain the confidence in the market place.

According to the agreement signed, the participating organizations concurred that "there are no sector interests that are greater than national interests" and "the recovery of public credit represents an imperative for the whole of society."

Point three of the agreement notes that "in the current Argentine situation there is no concrete reason for the atmosphere of unrest being experienced in the capital and financial markets."

Point four of the agreement notes that "all sectors reaffirm stability and convertibility, and strongly reject any threat to the peso's value," dismissing the possibility of a devaluation.

The agreement admits that "the workers and their leadership are behaving in an exemplary manner, despite the difficult decisions that the national executive branch had to make."

In the last point of the agreement, the sectors entered a commitment "to support all decisions that will contribute to overcoming the problems of this juncture, with the assurance that the near future is absolutely promising."

Cassia said: "During the meeting, the minister himself admitted the existence of a financial crisis caused by the Mexico effect and by domestic factors." He added that during his explanation "Cavallo looked very concerned."

The CGT secretary general said he had asked the minister about the duration of wage reductions and about the possibility of the people involved receiving a compensation.

The CGT secretary general announced that next week a date will be established for a meeting with the minister, as a meeting scheduled for today had been suspended over the unscheduled convening of the National Economic Council.

Cassia said the minister "had a humble attitude as he asked everyone for cooperation because the program's credibility is being questioned."

Blanco Villegas emphasized: "All the indicators mentioned by the minister confirm that the program itself has security conditions that will allow us to overcome this crisis."

Blanco Villegas stressed that the industry "has supported and will always continue to support the program." He pointed out that, during the meeting, he raised the credit problems being experienced by the industrial sector, especially small and medium-sized enterprises.

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Di Fiori pointed out that the minister had asked all the sectors "to convince domestic and international brokers that there would be no devaluation, and that Argentina is in a position to overcome this crisis."

The CAC president pointed out that Cavallo supported his petition in "the successes achieved over the past four years" and reported the existence of political and economic sectors "that want Argentina to end up with a devaluation like Mexico."

Di Fiori said these pressures are being exerted by international and domestic financial managers. In his opinion, this would be "disastrous" because "it would punish workers collecting monthly wages and those who have secured credit in dollars."

CAC, UDECA Back New Economic Plan

PY0303201195 Buenos Aires TELAM in Spanish 0015 GMT 3 Mar 95

[FBIS Translated Text] Buenos Aires, 2 Mar (TELAM)--The Argentine Chamber of Commerce (CAC) and the Union of Argentine Business Organizations (UDECA) today voiced support for the economic plan and for the measures recently ordered by the government.

The CAC report states: "The economy faces a challenge that must be met if we are to consolidate the major transformations" that were accomplished in recent years.

The CAC adds: "Imbalances in public accounts and the reforms that have yet to be implemented have created an atmosphere of concern, both among foreign and local operators."

The reports states: "This situation is threatening an economic policy that has proven to be capable of promoting a transformation of historical significance."

For this reason, the CAC believes the recent statements by Economy Minister Domingo Cavallo reflect "a sign of responsibility by the administration in connection with the emergency, which deserves the recognition of the CAC."

The UDECA reiterates its "support for the economic plan, convinced that maintaining convertibility and stability is the only way to attract the investments necessary for promoting development."

The UDECA "joyfully confirms that the economic plan has remained untouched despite the Mexican financial and economic crisis, which has had strong repercussions in the Americas and in the world."

UDECA adds that the fact that monetary stability has been maintained despite "the hardships caused by foreign economies and by the improvement of the health of the financial system strongly confirms the strength and persistence of the plan."

New Economic Measures Viewed

PY0303214695 Buenos Aires LA NACION in Spanish 2 Mar 95 p 8

[Editorial: "In Pursuit of the Lost Balance"]

[FBIS Translated Text] With a clear perception of the difficulties that loom over the Argentine economy, the Federal Government and [Economy] Minister Domingo Cavallo's team have adopted several corrective measures that seek above all to reestablish the balance in government finances and recover the confidence of financial centers, thus containing and reversing the flight of capital triggered by the devaluation of the Mexican peso at the end of 1994.

An accurate diagnosis of this worrisome current situation—which is acknowledged through the measures adopted to control it—pinpoints the cause of perceptible uneasiness in economic circles, largely blaming it on the so-called Tequila Effect. Nonetheless, it indicates that the consequences of the turmoil in international markets would undoubtedly be less ominous for Argentina if it maintained the fiscal balance it had two or three years ago.

Taken as a whole, the recently announced measures seek to eliminate the budget deficit which causes so much uneasiness and revive the credibility of the Argentine economy. This reveals that the government fully grasps the criticalness of the situation. It realizes that a deficit in public accounts is at present simply out of the question and that—perhaps as a corollary of this—allowing the currency to deteriorate, even in the midst of an election campaign is from a political standpoint much more dangerous than adopting traditionally unpopular measures and running the risk of a potentially deep recession.

It should be recalled that although the concern of the Menem administration's economic team about the budget balance has increased, it has not appeared all of sudden over the last few days. Back in November, the government decided to cutback on spending to the tune of 1 billion pesos, and expenditures were slashed by a comparable amount when discussing the 1995 budget after the difficult task of eliminating superfluous and not so superfluous outlays. New curbs on spending totaling 1 billion pesos are now being ordered.

It goes without saying that this type of budget cut affects the proper functioning of the complex apparatus of government. It generally prevents the filling of vacancies of indispensable officials; it delays or dispenses with equipment and building maintenance; an it suspends purchases and contracts giving rise to costly lawsuits, etc. At this juncture, it is most urgent to effect an overall and complete rationalization of state functions so that, far from disrupting government services, the spending cuts will improve efficiency. Groping cutbacks, implemented in an emergency, may help to solve immediate problems, but they generate greater difficulties in the long run.

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The decision to reduce the salaries of government officials of some standing is truly innovative within this touch-and-go policy on government spending. Nearly 24,000 government officials will see their salaries cut by a little over 250 pesos per month—a total of 85 million pesos in a year. Still, this decision seems legally flimsy under constitutional and legal provisions. Moreover, some say it may cost more in severance pay than it saves.

Beside the curbs in spending, the announced measures seek to increase tax collection by extending the scope of leading taxes—profit tax, value-added tax [VAT], personal assets tax—by removing exemptions and broadening the tax base. These new measures may, in some cases, be justified from a doctrinal viewpoint, but in other cases they pervert the real meaning of taxes and encourage distortions that ought to be avoided because they reduce the ability to generate wealth. This is the case, for example, with the increased withholdings of VAT on agricultural products or the inclusion of land in the assets on which wealth tax is levied. The economic team expects to collect approximately 2.5 billion pesos with these fiscal measures, but this estimate has met with some skepticism in the business community.

With regard to the actions to instill confidence in capital markets, we have already pointed out the significant role the IMF may play before the international financial community. It thus seems odd that official announcements should have taken no notice of it. What the government is trying to do—by decree—is to broaden the powers of the Central Bank to give financial aid to the banking establishments that are facing difficulties, which had so far been prohibited by law. The role of last recourse money-lender is nearly universally assigned to central banks, but it was restricted in Argentina because it was a decisive factor in the development of inflationary and hyperinflationary processes that the country had to endure.

The decree amending the Central Bank organic law paves the way for what has been euphemistically called the cuasifiscal or parafiscal deficit which permits a somewhat arbitrary redistribution of resources from solvent banks to banks with problems and contains an ingredient of the old and damaging regime that permitted the nationalization of deposits, which probably no one wants to see again.

Just as worrisome, or even more so, is the fact that the government can change significant dispositions of the financial system by decree, generating a climate of juridical uncertainty in the more sensitive markets, precisely where stable rules of the game are considered irreplaceable. We suppose the current leadership will make a careful and prudent use of those attributions, but we must also understand that the last thing the government and the economic team want is to abolish the convertibility plan. But the mechanism permitting decrees of need or urgency to change essential laws does exist.

The chances of overcoming current difficulties depends on the perception of savers, investors, and decision makers in the money markets. There has been a significant flow of capital back into the national economy as of mid February—something like a quarter of the $4 billion that fled the country following the Mexican peso devaluation—revealing that the return path is viable. Despite reasonable criticism, formal questioning, the existence of unknown factors without answers, and fears raised by official measures, there is strong evidence that there is in the government and the Economy Ministry the sustained conviction that the balance of public accounts is a priority and all efforts are valid to recover it.

Economist Views Need To Reduce Consumption, Save

PY0303164195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1358 GMT 2 Mar 95

[FBIS Translated Text] Buenos Aires, 2 Mar (NA)—Radical Civic Union economist Ricardo Lopez Murphy stated on 2 March that when the government adopted convertibility, "it failed to tell the people that since it cannot modify the exchange rate—like other countries do—the only alternative is to modify prices and wages."

Lopez Murphy explained that prices and wages "have increased due to an inflow of capital. Now they will drop in light of the present situation, although society is not being told about the problem with complete frankness."

He pointed out: "The government should have—over the years—staved off a crisis, or at least reduced our exposure in case it occurred, by being more thrifty, austere, and careful instead of depending so much on foreign savings."

Changing the subject, Lopez Murphy denied he has been cooperating with Radical Civic Union presidential candidate Horacio Massaccesi in drafting a government plan for the first 100 days of his administration should he become president in the 14 May elections.

He said he has not met with Massaccesi since January.

Returning to the previous subject, Lopez Murphy predicted a 5-percent drop in consumption due to "a drastic withholding of external financing, which will force Argentina to rethink its accounts bearing in mind there will be no inflow of capital, as was the case during the past years."

Speaking on the radio, Lopez Murphy believes if the country fails to attract foreign savings "it will have to generate domestic savings, which can only be achieved by reducing consumption."

He noted: "A decline in external financing in Argentina will also affect companies and the public sector, which will have to place papers in banks. Therefore, there will be a shift in consumption prompted by public and investment financing needs."

Lopez Murphy said we are facing "a very uncertain scenario which will place Latin America in an awkward

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predicament, especially those countries that are highly dependent on foreign savings," adding that "Argentina must therefore drastically reduce this type of savings."

He stated: "The crisis obliges us to resort to other instruments. We must make an effort in the area of spending and tax collection. Although the government has already started making this effort, it will be necessary to adopt additional measures."

Foreign Ministry Enforces Expenditure Cuts

PY0303200095 Buenos Aires TELAM in Spanish 0003 GMT 3 Mar 95

[FBIS Translated Text] Buenos Aires, 2 Mar (TELAM)—The Foreign Ministry will close some diplomatic missions, reduce officials' trips, streamline communications, and reclassify assignments based on the level of expenditures.

As part of the austerity measures ordered by the Executive Branch, the Foreign Ministry reported it will close some missions and "will reduce to what is absolutely essential" the cost of participation in international organizations.

The measures adopted by Foreign Minister Guido Di Tella were designed by a committee that was coordinated by Foreign Ministry Secretary General Andres Cisneros.

It has been reported that—independent of spending restrictions recently ordered by the Executive Branch—the Foreign Ministry "has adjusted its budget to a more rational and efficient system."

The ministry created a committee whose members are Deputy Foreign Minister Fernando Petrella, Technical Under Secretary Jorge Herrera Vega, and Administration and Budget Under Secretary Mario Miguel.

The Foreign Ministry payroll includes 1,384 employees, of which 870 are professional diplomats.

Quarterly allocations for the current accounts of missions abroad dropped from 9,272,648 pesos in 1994 to 8,592,022 pesos in 1995.

"This evolution of expenditures is coupled with a remarkable expansion of Argentine presence abroad, and with a more intense diplomatic role," the report says.

It adds that "the consolidation of Mercosur [Common Market of the South] and the increased number of bilateral treaties" has strengthened the role of commercial missions promoting exports and supporting international transactions.

As an example, the report mentions that the Argentine consulate in Sao Paulo handled 31 percent more business in 1994 than in 1993, and that in January and February 1995, business amounted to 80 percent of the entire previous year.

The savings planned by the committee total about 12 million pesos. This will "cover essential activities that the reductions enforced in January had strongly restricted," the report says.

Among the emergency measures that were adopted, the report mentions the reduction of travel by personnel recalled for consultations, a reduction in hotel expenses, streamlining of expenses for transfers of personnel, per diem, diplomatic couriers, credentials, and passports.

It has been learned that the reduction of the so-called "C assignments," which receive higher salaries to compensate for the post, will be reduced from 29 to less than a dozen.

Army Chief of Staff Concerned Over Military Service Funds

PY0303192595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0007 GMT 3 Mar 95

[FBIS Translated Text] Buenos Aires, 2 Mar (NA)—Army Chief of Staff Martin Balza today expressed to Eduardo Bauza, the secretary general of the presidency, the Army's concern over the shortage of funds required for the implementation of the new Voluntary Military Service.

Government sources have reported that Bauza reportedly promised to the Army chief of staff that he would convey his concern to President Carlos Menem, so that the president could assess the military budget situation.

The new measures trimming public spending have limited the 120 million peso allocation earmarked for payment of the Voluntary Military Service expenditures.

During their meeting, Bauza confirmed to the Army chief of staff that the funds for the living and traveling allowances for the 11 officers who will travel to the Peruvian-Ecuadoran border as military observers have already been approved.

At 1700 on 3 March, the members of the military group will leave from the Ezeiza international airport for Brasilia, where they will join the observers from the rest of the guarantor countries of the Rio de Janeiro Protocol.

Di Tella: Cease-Fire Observers' Mission 'Risky'

PY0403025895 Buenos Aires TELAM in Spanish 1849 GMT 3 Mar 95

[FBIS Translated Text] Buenos Aires, 3 Mar (TELAM)—Foreign Minister Guido Di Tella said today that the mission of 11 Argentine military observers to supervise the cease-fire at the Peruvian-Ecuadoran border is the most difficult the country has had abroad.

"It is a very difficult and risky mission. It has great responsibility and it is very delicate. It will be the key to the cease-fire before the verification process that will conclude with a definitive peace," Di Tella told TELAM.

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The foreign minister bid the 11 Argentine military observers farewell at the Foreign Ministry's Golden Hall. The group will join the guarantor countries' mission that will operate in the Peruvian-Ecuadoran conflict area.

The Argentine military group was scheduled to depart for Brasilia at 1730 to join the other Rio de Janeiro Protocol guarantor countries' (Brazil, Chile, and the United States) groups of observers.

A few days ago, during Uruguayan President Julio Sanguinetti's inauguration, representatives of the "group of guarantor countries" were able to get Peru and Ecuador to commit themselves to respect the cease-fire. The mission will control the fulfillment of this agreement.

"The group will prepare in Brasilia and will travel to the conflict zone on 6, 7, and 8 March," the foreign minister said.

With regard to the controversy surrounding respecting of the cease-fire in the conflict zone and the work of observers, Di Tella said: "We do not know if the cease-fire is complete, but it is meaningful."

"After the cease-fire is achieved, there will be an opportunity to conclude the implementation of the Rio de Janeiro protocol at the diplomatic level," Di Tella said.

Asked about the funds to finance the mission, the foreign minister said: "We had to intervene to get additional funds. There will be reductions in other areas, but this was essential."

During his speech to bid farewell to the Argentine delegation, made up of seven Army officers, two Navy officers, and two Air Force officers, Di Tella said that "this mission is one of the most difficult we have ever had."

"It is a risky and thankless mission. We have total confidence in you and what you will do. Your task is to help put an end to this terrible episode between brotherly countries," Di Tella emphasized.

The minister said that "we spend a lot of time speaking about a united Latin America, but in practice we forget everything and end up engaging in a horrendous war such as this one."

In conclusion, the foreign minister, "on behalf of the national government," thanked the group of military observers for their "contribution to the idea of Latin America, to our fatherland, and to our international role in peace missions, which has never been more important than now."

Camilion Confirms Delay in Plane Factory Transfer

PY0303214395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1213 GMT 2 Mar 95

[FBIS Translated Text] Cordoba, 2 Mar (NA)—During his visit to the United States, Defense Minister Oscar Camilion confirmed that there would be a delay of "about two months" in the transfer of the Cordoba Materiel Area (AMC) to the U.S. company Lockheed.

Camilion confirmed that the national government could not deposit the first installment of $50 million for the purchase of Skyhawk A-4M fighter-bomber planes that were scheduled for repair at the Cordoba plane factory after the transfer to the Lockheed company.

The minister also emphasized: "The factory's workers will continue to collect their wages, which, thus far, have been paid by the Defense Ministry."

During a meeting with Cordoba Mayor Ruben Marti, Harry Radcliffe, the Lockheed company president in Argentina, confirmed that his company has decided to postpone taking over the AMC until the national government complies with the payments established in a contract that President Carlos Menem signed in this city on 15 December 1994.

Speaking from Washington for the NOTICIAS ARGENTINAS news agency, the minister pointed out that yesterday he conducted negotiations with William Perry, the U.S. secretary of defense, asking him to mediate before the Lockheed company so that the U.S. company will approve new financing for the operation.

In remarks made by telephone, the minister pointed out: "It cannot be said that the transfer has failed. It is on standby [preceding word in English] until the financing of the Skyhawk planes is resolved."

The budget cuts announced by the Economy Ministry not only jeopardized the operation with the Lockheed company, but other operations that Minister Camilion was discussing with his U.S. counterpart.

Foreign Ministry Denies Nuclear Links With Iran

PY0403010295 Buenos Aires CLARIN in Spanish 3 Mar 95 p 24

[FBIS Translated Text] The Foreign Ministry yesterday denied that the country had signed an agreement with Iran for the supply of reactor fuels and heavy water for Iran's nuclear development program, as was asserted by an Israeli military source in Tehran consulted by EFE.

"There has not been any nuclear cooperation of any kind with Iran since 1992, when we canceled existing contracts," Enrique de La Torre, the Foreign Ministry's director for international security and nuclear and special affairs, told CLARIN.

There are, however, ongoing negotiations between the National Commission for Atomic Energy of Iran and Argentina's INVAP [Applied Research Institute] to decide whether there must be some kind of "economic compensation" for the Argentine decision, in 1992, to cancel an $18 million contract.

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These are nondiplomatic negotiations, because Argentina and Iran reduced their diplomatic relations to the level of charge d'affaires after the terrorist attack against the AMIA [Argentine-Israeli Mutual Association] in July of last year.

The first shipment of elements for the building of a pilot plant for the manufacture of fuel elements and another plant for the enrichment of natural uranium worth the above-noted amount was stopped by the government before it left port in 1992 in respoonse to U.S. pressure.

After the cancellation of this contract involving INVAP, an entity subordinate to the National Commission for Atomic Energy based in Bariloche, Rio Negro Province, negotiations started, at the company level, to find a way to determine whether "economic compensation" was due. Three years after the cancellation of the contract, Iran has still not taken the case to court as a sign of good will, but it expects "a solution" with respect to its deposit to guarantee the deal made at the time, diplomatic sources said.

At the end of 1993 INVAP finished reducing the power of the University of Tehran's experimental reactor. This work was expressly authorized by all International Atomic Energy Agency members.

Not Even Cobalt for Medicinal Purposes

As a consequence of the cancellation of the contract, the government promulgated a decree making it mandatory for Argentine public and private companies to request authorization for the export of any type of dual-use high-technology material, that is, materials that can be used for peaceful as well as military purposes. From that year on it was forbidden to export anything in this category, not even cobalt for medicinal purposes, without prior government authorization.

But Iran recently returned to the fore of the international arena when it signed an agreement with Russia for the construction of a nuclear power plant reactor, which prompted complaints on the part of the United States and its allies.

The situation deteriorated further when Iran started deploying surface to air Hawk missiles in a Persian Gulf island to prevent a possible Israeli air attack against the reactor. Some 15 years ago, an Israeli air attack destroyed an Iraqi reactor.

Israeli Prime Minister Yitzhaq Rabin decided to include possible F-15 and submarine attacks against Iran in his country's military strategic plans. All these moves are within the framework of a rising diplomatic offensive that is increasing tensions in the Middle East.

But at Russia's request, Iran signed the Nuclear Nonproliferation Treaty (NPT) and committed the country to abstaining from nuclear arms development. With this act, Iran broke its alliance with Arab countries that refused to sign the treaty unless Israel signed it as well.

Bolivia

Government Reacts With 'Low Voice' to U.S. Certification

PY0403003295 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 3 Mar 95

[FBIS Translated Text] The government reacted with a low voice two days after the U.S. antidrug certication was issued.

Social Communications Minister Ernesto Machicado read a communique that suggests holding a political summit of party leaders to design an antidrug policy.

[Begin Machicado recording] The fact that the deficiencies and omissions in the struggle against drug trafficking in our country have been pointed out should persuade us to deeply reflect on the need for a consensus and the scope of a nationwide policy regarding the coca-cocaine problem.

Everyone is aware that in September 1994 the government of President Gonzalo Sanchez de Lozada summoned a nationwide debate regarding this problem. Leaders of the most representational organizations of Bolivian society, ranging from the Bolivian Labor Federation to the Confederation of Private Businessmen of Bolivia and the coca growers, participated in this debate. Unfortunately, despite an express invitation extended by the president of the Republic and the urgency and importance of the subject, the leaders of the opposition political parties did not honor this invitation. [end recording]

The important thing, Machicado said, is to reach a consensus and not adopt a strategy resulting from foreign imposition. Based on this argument, the government chose to emphasize the pending debate regarding the coca and drug trafficking problem and insisted on the need for a summit.

[Begin Machicado recording] We reiterate our invitation to all social representatives of the nation and, especially, the leaders of the political parties, to find a path that will allow us to fulfill our commitment to Bolivian society and the entire world to eradicate the scourge drug trafficking represents. This is the best way to defend Bolivia. [end recording]

According to Machicado, the invitation will be extended to all political leaders, including the much-criticized former president and MIR [Movement of the Revolutionary Left] leader Jaime Paz Zamora, involved in the narco-links case, within a few weeks.

Foreign Ministry Official Denies Forceful Coca Eradication

PY0303174595 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 2 Mar 95

[FBIS Translated Text] For the time being, the Bolivian Government does not think it is necessary to eradicate

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coca crops by force. This was stated by Foreign Ministry General Secretary Eduardo Trigo in commenting on the U.S. demands made by way of threats and expressions of annoyance over the results of the antidrug enforcement efforts. Trigo said that the U.S. report does not suggest forceful eradication of coca crops. In any case, the government will seek to eradicate the greatest amount of excess coca crops during 1995, he said.

[Begin Trigo recording, in progress] ...this is not mentioned. Of course the wish of the Bolivian Government—which I hope will be accomplished in the short term—is to eradicate the excess coca crops. The government is convinced that all excess coca production is used to make cocaine. [end recording]

The news agency ERBOL reports from Cochabamba that the Sole Peasants Federation of Cochabamba has declared itself in a state of emergency and mobilization against any government attempt to eradicate by force excess coca crops in the tropical Cochabamba region.

Roman Loaiza, leader of the peasant federation, said that he has had access to confidential reports demonstrating the existence of a plan designed by the U.S. Embassy to eradicate voluntarily and by force 10,000 hectares of coca crops this year. Loaiza said the peasants are willing to organize themselves into control brigades in the tropical Chapare area to repel any attempt by the Direco [National Directorate for Agricultural Reconversion] and the Dinaco [National Coca Control Directorate] to eradicate coca crops by force.

The peasants who are working in the valleys and mines realize that the eradication of coca crops will result in clashes with our brothers in the tropical areas, so in solidarity with them we will go to defend them, because we defend and depend on their production.

Loaiza demanded that the government respect the agreements made with the coca producers of the tropical Chapare region, which include actions meant to decriminalize and to industrialize the excess coca production, as well as to execute the master plan to develop the tropical region.

Deputy Warns About 'Imminent' Militarization of Chapare

PY0403015595 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 3 Mar 95

[FBIS Translated Text] Jaime Ponce Caballero, first vice president of the Chamber of Deputies, warned in Sucre about the imminent military intervention of joint Bolivian and U.S. forces in the Chapare zone due to the social unrest in that region.

Ponce explained that an agreement between Bolivia and the United States will allow for the militarization of the Chapare through military operations in view of pressure being excerted by the U.S. Government with regard to eradication of coca leaf plantations.

UCS [Solidarity Civic Union] Deputy Ponce voiced his fear over an imminent state of siege that may be implemented by the government of President Gonzalo Sanchez de Lozada in view of the social unrest the country is experiencing, unrest that might worsen in the course of the coming week.

Labor Minister: Government Ready for Dialogue

PY0403023795 Santa Cruz EL MUNDO in Spanish 17 Feb 95 p A30

[FBIS Translated Text] La Paz, 16 Feb (ANF)—Upon learning about the conflict posed by the Bolivian Labor Confederation [COB], Labor Minister Reynaldo Peters said today that the government is ready for dialogue and that all union demands have been met, including the salary issue.

"If someone is not satisfied with a response (on the part of the government to the labor demands), what he must do is to make this opinion known so as to improve things at the negotiating table, because with strikes, no changes or improvements are obtained," he said.

The labor minister "deplored" the fact that the COB does not agree with the executive branch about beginning negotiations, and not even with the Chamber of Deputies economic commission. "Frankly, this is a political position," he said.

Concerning the fact that the COB considered the government answer to the list of demands to be 91 percent negative, Peters said that "advantage should be taken" of the remaining 9 percent.

He said that there are conditions to sit and discuss peacefully with the union leaders, including the question of making some "cuts" in the budget to improve the salary issue by 7.5 percent.

But he immediately denied that possibility, indicating that it was "impossible" to increase the percentage, much less to establish a national minimum salary of 576 bolivianos. He explained that to meet those economic demands, the government would have to drastically reduce expenditures earmarked for the development of the peasants.

The labor minister said that the list of demands was fully met and that he could demonstrate this statement in a technical "followup" he made to the agreements signed with different union sectors.

He said that observations made by leaders with regard to the laws on capitalization, education reform, tax reform, and other legal measures "are not debatable." He said: "The laws were made to be fulfilled and not to be discussed."

He said that if COB does not begin negotiations, government officials will do so with each labor sector, as requested by the federation of La Paz factory workers.

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He added that the union leaders are fighting for a salary increase that will only benefit the state employees and not workers of the private sector.

He said that the salary increase rate that will be granted this year "is not a compulsory reference" for the private sector, where there are direct negotiations between employers and employees.

Brazil

PF Official Backs U.S. Money-Laundering Charge

PY0403045795 Rio de Janeiro O GLOBO in Portuguese 3 Mar 95 p 5

[FBIS Translated Text] Sao Paulo—Getulio Bezerra dos Santos, acting director of the Federal Police [PF] Drug Enforcement Division, has confirmed the involvement of Brazilian money exchanges in the laundering of drug money, thus confirming the charge made yesterday by the U.S. State Department. He believes it will be possible to fight this activity if constitutional revision includes the lifting of bank secrecy rules.

Bezerra dos Santos said: Bank secrecy is excessively protected in Brazil. The way things are now, money exchanges will continue to launder dirty money.

In his opinion, bank secrecy protects the drug traffickers to the detriment of society. He cited as an example U.S. laws granting the manager of a financial institution the right to carry out "reasonable investigations" about the origin of investments and operations conducted in his agency. Should the manager fail to do this, he could face charges as an accessory.

In Brazil, to investigate a financial transaction, the Federal Revenue Secretariat must lodge a petition with a court and request that criminal proceedings be set in motion. Furthermore, the Central Bank only supervises banks; it has no jurisdiction over money exchanges or speculators.

Bezerra dos Santos added: Here we make public information that should be kept secret. When court proceedings are set in motion, we may say good-bye to our investigations because those outlaws have friends everywhere. He questioned, however, the U.S. State Department figure on the amount laundered: $20 billion.

Bezerra dos Santos said: It is impossible to determine the amount laundered. If someone claims to know how much has been laundered, then he should know who did it. Otherwise, he could be held accountable for neglecting his duties.

Francisco Garisto, head of the National Federation of Federal Policemen, also called for changes in the laws to fight money laundering.

Garisto said: We have long been insisting on this, but no one has paid any attention to us. Now, the U.S. State Department report has confirmed what we have been saying.

Cardoso Announces Exchange Rate Policy Change

PY0303152595 Sao Paulo AGENCIA ESTADO in Portuguese 0149 GMT 2 Mar 95

[By special correspondent Ribamar Machado]

[FBIS Translated Text] Santiago, 2 Mar (AE)—The Brazilian Government is preparing a change in the exchange policy that was adopted on 1 July 1994, when the Real Plan was set in motion. In an informal chat with Brazilian journalists this evening, President Fernando Henrique Cardoso said Brazil must now "use the band system more effectively." This system presupposes a ceiling and a minimum value for the Real [R], with the Central Bank managing market demands within this band.

The president did not specify, however, what band system will be used. He did not say if the Central Bank will set the upper and lower limits, or what these limits will be. He did not say when the new exchange system will be enforced. Cardoso said that on 1 March, Finance Minister Pedro Malan announced in Washington that the government would begin using the band system. "And that is what we will do," he explained.

Cardoso made it clear that Brazil "unlike Argentina, has no fixed exchange rate." He added that the market regulates the rate in Brazil, with minor Central Bank interventions. During a news conference this afternoon, he said that from the economic policy viewpoint Brazil is more like Chile than Mexico or Argentina. He said: "Chile has never implemented an exchange policy that tied its currency to a foreign currency," adding: "Neither have we."

The exchange policy adopted by the Brazilian Government on 1 July 1994 has resulted in an overvalued real compared with the dollar. Since December 1994, the dollar has fluctuated between R0.83 and R0.86. This in practice is like a fixed exchange rate policy. Several economists believe the variation currently permitted by the Central Bank is very small and, strictly speaking, cannot be called a "band" system.

The president denied plans to devalue the real. "The exchange rate adjustment will come normally," he said. Cardoso admitted nonetheless that some export sectors are facing difficulties and should be studied. Among these are the Rio Grande do Sul shoe industry. Help for such sectors will come through fiscal or credit incentives, or through other measures. The matter is already being analyzed by ministers of the economic area.

The president believes the Brazilian external situation is calm, and even the balance of trade—which registered deficits in the past three months—will register a surplus again in March. In a news conference early in the afternoon, Cardoso mentioned another economic policy aspect shared by Chile and Brazil. "Unlike Mexico, neither Chile nor Brazil have had a massive inflow of

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short-term capital," he said. This opinion by the president should be assessed with reservation, because in its estimated $36-billion reserves, Brazil has short-term capital worth $14 billion.

Central Bank Report Shows Outgoing Capital Increasing

PY0403050095 Sao Paulo AGENCIA ESTADO in Portuguese 2154 GMT 3 Mar 95

[FBIS Translated Excerpt] Brasilia, 3 Mar (AE)—The Mexican crisis and the fear of a similar problem in Argentina are deterring foreign investors from doing business in Brazil. A total of $238 million left Brazil through financial operations during the first two days of March, while incoming capital during the same period totaled only $188.6 million. Thus, there was a negative balance of $49.4 million. The accrued total of outgoing capital this year amounts to $8.171 billion as of 2 March, while incoming capital amounts to $4.775 billion. Hence, there has been a $3.395 billion deficit.

The above figures were released today by the Central Bank, which also reported that net foreign exchange movement—which includes financial operations and foreign trade—this year had a deficit of $1.606 billion as of 2 March. This deficit did not cause major problems because of the increase in the number of Advanced Exchange Contracts [ACC's]. The accrued amount obtained through these contracts totaled $8.774 billion as of 2 March, while exchange contracts by importers totaled $6.985 billion, thus yielding a surplus of $1.789 billion. [passage omitted]

Governors' Fear of Tax Reform Prompts Alliance

95SM0206A Sao Paulo ISTOE in Portuguese 15 Feb 95 pp 20-23

[Article by Marco Damiani, Raymundo Costa, Patricia de Andrade, Mario Simas Filho, Luciana Nunes Leal, Tete Rios, and Andre Jockyman: "Opposition Among Friends"]

[FBIS Translated Text] His mood rusted by the rain that devastated Sao Paulo last week, Governor Mario Covas (PSDB [Brazilian Social Democracy Party] is ready to step back in order to advance. "Initially, I was against the establishment of a governors' forum, but it may be a solution," Covas said in his office at Bandeirantes Palace on Thursday the 9th. Like several of his colleagues scattered around the other states, Covas is feeling isolated. He has been trying to do his part in the effort to balance the state's finances: he has fired 14,000 state employees, hunted down "ghosts," halted public works, and cut back on his own perks. But he has been receiving icy treatment from the economic team and is still unable to talk to the president of the republic about the reforms in the Constitution. "So when is it going to be the turn of the governors to speak?" he asked, apparently dissatisfied with practical results of the visit he received from Vice President Marco Maciel at the start of this week to discuss the matter. On Friday the 10th, during a meeting with 200 businessmen at Planalto Palace, President Fernando Henrique [FHC] seemed to have witnessed the governor's frustrated comment the day before. "The most difficult negotiation is the one between the central government, the states, and the municipalities. Not between the businessmen and the government," the president said, hitting the nail right on the head. "What is going to be discussed is the dividing up of the cake. We need to have clarity on this subject and a great ability to persuade our political allies, the governors in general, and the experts who support our stands and those of the others."

Actually, Fernando Henrique is trying to lay the foundation for winning the support of the governors for a project which has been generating controversy for many years and is about to be brought up again: tax reform, the details of which in its FHC version should be known beginning this Thursday the 16th, when the package lands in Congress. If the first calculations—suggesting revenue losses of up to 45 percent for some states—are correct, "a great ability to persuade" is indeed going to necessary. The other side, represented by the governors, is already on the defensive. "Reform is necessary, but it cannot reduce the funds of the states and municipalities," says the country's youngest governor, Paulo Afonso (PMDB [Brazilian Democratic Movement Party]) of Santa Catarina. "I want to help, but a reform that harms Pernambuco is unacceptable," veteran Governor Miguel Arraes (PSB [Brazilian Socialist Party]) chimes in. "I don't know what the government has to present," complained in her refined elegance the powerful Roseana Sarney (PFL [Liberal Front Party]), governor of Maranhao and daughter of the speaker of Congress, Jose Sarney. "I can't state an opinion until I have some information." As can be seen, hovering over the heads of the governors is the fear that they are going to be the principal executives having to cope with payments for filling the Federal Government's $12 billion budget hole.

Having to pay that bill is definitely not in the plans of the majority of governors. For the states at the moment, the general panorama is one of a drying up of the public machinery, while the Federal Government's administrative reform is so far nothing but a nice little dream. Pernambuco has established a pay ceiling of 4,000 reals for state employees. In Sao Paulo, where a general survey of state employees is underway, the cuts are affecting sectors considered untouchable in other eras: the police force guarding the governor's palace, for example, has been reduced from 720 to 400 soldiers. "We are engaged in a general cleanup," says Antonio Angarita, government secretary, who has eliminated the corps of 21 security guards that his office had in the previous administration. A survey is also underway in Minas Gerais. Nearly 18,000 of the 463,000 state employees did not answer the questionnaires sent out by the government, and in response, Governor Eduardo Azeredo (PSDB) did

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not pay 12,000 of them in February. In Rio Grande do Sul, whose governor is Antonio Britto (PMDB), all competitive bidding and awarding of contracts has been suspended for 90 days. The intention is to evaluate prices and then obtain a reduction of at least 25 percent in the cost of construction projects. At the other end of the country, in Para, Almir Gabriel (PSDB) has fired 400 special advisers who had been packed into Lauro Sodre Palace, the seat of the government. One of them was Rosemary, the wife of Senator and former Minister of Environment Coutinho Jorge.

The source of all the battles by the governors is called money. After being in office only 45 days, they found in their own coffers the maxim attributed to former Minister of Finance Ernane Galveas: "Tell me the result, and I'll hire the statistician." In Brasilia, for example, Cristovam Buarque (PT [Workers Party]) soon discovered that the cash balance of 200 million reals announced when the former government left office was actually no more than $2.9 million. At least there was some money. The problem was that he still had to pay personnel, suppliers, and social security taxes. Now the governors are coming up with their own figures. Thanks to a comfortable majority in the Legislative Assembly, Roseana in Maranhao managed to win approval for 17 bilis in the very first weeks after she took office. According to her, they will make it possible for the state to save 50 million reals. Even at that, there is no money for investment.

Thanks to the charm of his capital, which President Fernando Henrique wants to revitalize to the point of confirming it as the port of entry for international tourism in our country, Marcello Alencar (PSDB) in Rio de Janeiro received wonderful news last week. During an official visit, Minister of Communications Sergio Motta announced a 1.8 billion real package of federal investments for the telecommunications sector in the state. Smiling from ear to ear, Alencar telephoned the president and joked: "Please send the minister to Rio anytime you want to."

By obtaining federal funds, Rio de Janeiro's governor has become one of the illustrious exceptions among his colleagues. In these first 45 days of the new administration, there has been a steady parade of governors, hat in hand, in the corridors of Planalto Palace and the Ministries of Finance and Planning. Since the Union is having cash problems of its own, not to mention a couple of misers sitting on the cashbox, few governors have gotten what they wanted. On Wednesday the 8th, the governors of Para and Santa Catarina completed their budget circuit. Almir Gabriel left the capital with a vague promise from Jose Serra that he would review the cut of 17 million reals in this year's budget for rehabilitating the Trans-Amazon Highway—one of Fernando Henrique's campaign promises—which is impassable at this time of year, this being the season of heavy rain in the region. Paulo Afonso had more luck: of the 871 million reals needed to widen roads in his state, he came away with 571 million. But he may soon be back in the corridors of Planalto Palace and the Ministries of Finance and Planning: on his return to Santa Catarina, Afonso found a state of virtual public disaster owing to floods and the collapse of a dam.

In Minas Gerais, Eduardo Azeredo shows signs of having heard the signals from the Federal Government. He has put all his chips on the completion of public works already underway. He asked for and got 220 million reals from the federal budget for widening three highways and completing the Belo Horizonte subway. With its accounts up to date, Minas Gerais can afford to provide counterpart funds from its own coffers for a loan of $150 million from the World Bank and another 4.5 million reals from the Nakasone Fund to invest in development projects. That is not a lot for a state that has become industrialized over the past 25 years and risen to second place in the national ranking, being surpassed only by Sao Paulo, but it still has huge pockets of poverty, especially in the Jequitinhonha Valley area. Those pockets are marked in red on a map hanging in Eduardo Azeredo's office.

On Friday the 10th, Fernando Henrique's administration tried to adopt a cautious attitude toward the governors' appetites. It sent no fewer than seven ministers to the first meeting of Sudene [Northeast Development Superintendency], which was attended by 10 state executives. All those ministers were prepared for hand-to-hand combat leading to the resolution, during private talks, of any requests made out loud after the official speeches. On top of that, the ministerial party also tried to cement a few more meters on the road leading, the government hopes, to constitutional reform. After all, the governors control a good share of their states' blocs in Congress, and those will be important votes in setting up a majority when Congress goes back to work on Thursday the 16th.

The problems in the states are equal to the willingness to cooperate. "I am a friend of Fernando's, I want to help, and I know that his problems are even bigger than mine," says Governor Covas. "It happens that certain issues are matters of state, and they have nothing to do with our being friends." The Sao Paulo governor also seems to be paying the price for that closeness. Being disciplined, he did not try to talk the Ministry of Planning out of the budget cuts affecting his state, but he is still suffering in the offices of the Ministry of Finance, where Minister Pedro Malan had not, as of Friday the 10th, released the execution voucher that will allow Covas to sign for a $450 million loan from the World Bank for work to lower the channel of the Tiete River. To give him one more cause for irritation, the president of the Central Bank, Persio Arida, is insisting on the idea of privatizing Banespa [Sao Paulo State Bank], which is currently under an intervention order. "Officially, I don't know anything," Covas says in conclusion, dissatisfied with the treatment he has been getting from assistants to his friend the president.

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With a basket of common problems, the governors are beginning to talk to each other more and more. Tasso Jereissati (PSDB) of Ceara was in Sao Paulo last week for a long talk with Covas. They exchanged discreet lamentations. On Friday the 10th, it was the turn of Vitor Buaiz of Espirito Santo to meet with the Sao Paulo governor. On landing in Brasilia two weeks ago, Roseana Sarney felt it was her duty to visit her colleague Cristovam Buarque. In the midst of those meetings, there is also beginning to be an apprehensive exchange of telephone calls in which concerns over the content of the constitutional reforms are coming into the open.

The governors support a reform that will simplify tax collections, but they do not want a change involving a reduction in their already sparse funds. Nor do the municipalities. Azeredo in Minas Gerais, for example, does not accept the argument that some municipalities have not carried out obligations related to the increase in collections provided by the 1988 Constitution. "We can't kill the whole herd of cattle just because of ticks," he says. With that in mind, Paulo Afonso of Santa Catarina is also not accepting any "retrogression" in relation to the Constitution. In his talk with Serra, he wanted to know whether the government was considering eliminating the ICMS [goods and services movement tax] and the IPI [industrial products tax] and replacing them with a VAT (value added tax) to be administered by the Union. "I have never thought about establishing a VAT," Serra told him reassuringly. "What we are thinking about is combining the IPI and the ICMS into a single tax and also exempting exports."

Just as they are concerned about money, so the governors are becoming aware of the need to unite in order to stand up to the federal machinery. "It is important that we exchange opinions and ideas about our common problems," says Governor Azeredo. "Whether that is called a governors' forum or not is not important," he adds. He was the first to bring up the idea in this current crop of governors. It happened at a meeting with his colleagues Marcello Alencar and Mario Covas in Itatiaia, the place where Minas Gerais, Rio de Janeiro, and Sao Paulo come together, after the second round of balloting in the 1994 election. They had all won difficult victories. At the time, they left the idea on ice. Covas was the main opponent of the idea. Now that he sees the extent of his problems and the practical difficulties involved in relations with Brasilia, the Sao Paulo governor seems inclined to resurrect the idea. If he does, considering Bandeirantes Palace's ability to attract genuine pilgrimages of governors and politicians, Fernando Henrique may be forced to rethink some of his ideas.

Government Announces Support for Italian's WTO Candidacy

PA0503184095 Madrid EFE in Spanish 1746 GMT 5 Mar 95

[FBIS Translated Excerpt] Rio de Janeiro, 5 Mar (EFE)--The Brazilian Government today announced that it will support the candidacy of Italian businessman Renato Ruggiero for president of the World Trade Organization (WTO).

Brazil became the first Latin American country to announce its support for one of the two candidates still vying for the WTO presidency after former Mexican President Carlos Salinas de Gortari withdrew his candidacy to head the organization that will regulate world trade.

Ruggiero, vice president of the FIAT auto company management council, is a career diplomat whose candidacy is supported by the entire EU. He is vying for the WTO presidency along with South Korean International Trade Minister Kim Chol-sul.

"In view of the fact that the EU is one of our major trade partners, we decided to support Ruggiero," Brazilian Foreign Minister Luis Felipe Lampreia said to justify the decision of the government of Brazilian President Fernando Henrique Cardoso. [passage omitted]

Secretary General of Presidency Profiled

95SM0193A Sao Paulo ISTOE in Portuguese 1 Feb 95 p 24

[Article by Eduardo Hollanda]

[FBIS Translated Text] Behind the silhouette of a president who wants to strengthen the role of Planalto Palace in the government moves a shadow—that of a discreet, methodical, and effective advisor: economist Eduardo Jorge Caldas Pereira, 52. As Secretary General of the Presidency of the Republic, he has ministerial status and is worth more than the majority of his colleagues on the Esplanade of Ministries, but he neither likes the title nor takes undue advantage of it. Born in Baturite, in Ceara State, Eduardo Jorge prefers to be addressed as "secretary." His office, on the third floor of Planalto Palace, is only 20 steps from Fernando Henrique Cardoso's office—making him the closest of anyone to the boss. For 12 years he has been Fernando Henrique's right-hand man. "In the administration, I am entitled, in principle, to take actions in all areas; but I am not required to do so in any of them," Eduardo Jorge explained, as if he did not know that there are not half a dozen people in all Brazil who have such credentials.

"The president's trust in him is absolute," said Maria Delith, a psychologist and executive secretary of the Ministry of Culture, the sixth of Eduardo Jorge's 13 brothers and sisters. In just one morning, Tuesday 24 January, he met with Fernando Henrique three times. The two phone each other daily to discuss subjects as varied as civil service pay raises or the passage of the public utilities law. "I am an independent channel of information for the president," he said. A sort of private SNI [National Intelligence Service] for FHC, Eduardo Jorge was assigned to negotiate with the Congress possible changes in the public utilities bill. That same Tuesday, it was his job to warn the president about the

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statements made by a union member who was threatening to kidnap ministers in protest against the idea that the administration might abolish civil servant tenure.

In contrast to the routine established during the military regime, when Major Heitor Ferreira de Aquino defended President Ernesto Geisel's role as grey eminence, the formal meeting between Eduardo Jorge and the president is not meant to start the day, but to end it. Instead of the famous Nine O'Clock Meeting, Fernando Henrique holds a staff meeting, routinely set for 1700 hours and attended, in addition to Eduardo Jorge, by Civilian Household Chief Clovis Carvalho and Press Undersecretary Ana Tavares.

Helping him discharge his multiple duties is the fact that Eduardo Jorge is a computer wizard. He has a high-capacity PC in his apartment on which he records his boss's plans and ideas. In his fat leather briefcase he carries a laptop, and now he is waiting for a desktop computer large enough to replace the two 486's he was using in the Senate to be installed in his office at Planalto Palace. He criticizes the palace for being "totally unequipped for the exercise of government power." To remedy this, Eduardo Jorge plans to replace the Planalto telephone system with an integrated data system and, over four years, cut 1,000 positions from the palace's current 2,500 staff.

On a normal day, Eduardo Jorge usually gets more than 100 phone calls. He says he does not have time to handle all of them. It can take more than 24 hours for him to return a call. He interrupts whatever he is doing to take a call immediately if it is from the president himself or from Civilian Household Chief Clovis Carvalho. "The palace used to have several operating islands that resisted and obstructed each other," Carvalho said, referring indirectly to his predecessors Henrique Hargreaves and Mauro Durante, who did not get along. "There are no turf battles between me and Clovis; instead, we have perfect integration. He is always coming over here, and I go over there all the time," the secretary general of the presidency said, speaking in his nearly 40 sq. meter office, at the entrance of which is a Francisco Rebolo painting.

Eduardo Jorge is well-known for his excellent memory. He can list all the starting players on the Flamengo soccer teams of the 1950's and recite the words to theme sambas from past Carnivals. He graduated from the University of Brasilia and began his public service career in 1964, when he became a Senate staffer by competitive examination. He established the Federal Senate Data Processing Center (Prodasen) in 1971. After earning a master's degree in economics at New York University, he became director general of Prodasen, a post he held until 1981, when then-Senator Itamar Franco, in charge of overseeing that agency, replaced him with a political protege. Eduardo Jorge then left to earn a doctorate at that same New York University. On his return, in July 1983, he accepted Senator Fernando Henrique Cardoso's invitation to advise him on the Polonetas CPI [Congressional Investigating Committee]. Impressed with the results of his work, Fernando Henrique made Eduardo Jorge his principal advisor. So, had it not been for the idiosyncrasies of Itamar Franco, Eduardo Jorge would not now be at the peak of his career.

Accords Mark Visit of Canadian Prime Minister

95SM0186A Sao Paulo GAZETA MERCANTIL in Portuguese 30 Jan 95 p 3

[Article by Fatima Belchior and Maria Helena Tachinardi: "Prime Minister's Visit Results in Deals Worth $420.9 Million"; dollars are U.S. dollars except where noted]

[FBIS Translated Text] Rio de Janeiro—Canadian Prime Minister Jean Chretien's visit to Brazil last week had a quite favorable effect on relations between the two countries: deals worth $602 million [Canadian dollars], the equivalent of $420.9 million, and involving lines of credit, product sales, joint ventures, and new investments were formalized. For example, Brazil, which is Canada's third-largest market after the United States and Mexico, received 22.3 percent of a total of $2.7 billion [Canadian dollars] ($1.8 billion) worth of contracts signed by the Canadian mission in Latin America this month.

It was learned by reporter Livia Ferrari that Alan Kilpatrick, Canada's deputy minister of international trade, believes that Canadian firms have a big interest in the sectors of telecommunications, energy generation and transmission, oil and gas pipelines, and mining.

Thirty-three Canadian firms signed 39 agreements with Brazilian partners in the most varied economic areas. The Brascan [expansion not known] group, 100-percent Canadian owned, plans to invest $250 million in Brazil over a three-year period, according to its vice president, Humberto Mota, who is also president of the Brazil-Canada Chamber of Commerce.

Chretien expressed his country's interest in participating in the establishment of a free trade zone of the Americas. "Canada and Brazil will be able to help show the way. NAFTA and Mercosur [Common Market of the South] will form the two pillars on which the hemisphere's trade will be based. Canada believes that those two economic groups should immediately begin a process of high-level dialogue aimed at their possible merger," he commented.

In Mota's opinion, the Canadian mission's meeting with representatives of Brazilian firms is significant not only because of the deals negotiated but also because of the fact that it spotlighted the State of Rio de Janeiro's potential as a springboard for business for our country. In view of that, he and the governor of Rio de Janeiro State, Marcello Alencar, agreed during the luncheon that they would resume talks on privatizing Rio Centro, thus making it suitable for transformation into the Brazil International Trade Center. The idea is to create a

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permanent site for exhibiting Brazilian products and use it as a springboard for Brazil abroad. Of all the deals agreed to on Saturday, the Brascan group accounted for the largest share with its plans to invest $250 million in the sectors of agribusiness, natural resources, real estate, and the operation of financial services. According to Mota, $60 million are earmarked for the Intercontinental Hotel now under construction in Sao Paulo, while another $60 million will be used for commercial deals in Niteroi, Rio de Janeiro. Construction of a waterside shopping center with about 300 stores plus a food area in downtown Niteroi, a suburb of Rio, will use up $15 million. The plan calls for building a center similar to Bay Side in Miami in the United States, according to Jack Delmar, president of the Brascan Real Estate Company. He declined to say what the remaining $45 million earmarked for Niteroi would be used for.

The deals closed last Saturday were quite varied. Nipponia Export, Ltd. signed a $339,800 contract with Northeastern Nucleus for the sale of 200 head of cattle to improve the northeastern herd. This is the first time that the Brazilian Northeast will import Canadian cattle, according to Mota. And Petrobras, according to its president, Joel Mendes Renno, signed for a $15 million line of credit with the Export Development Corporation (similar to the Export-Import Bank of the United States and Japan). The money will be used to purchase petroleum industry equipment. It agreed to purchase equipment from Valmet Automation for automating pipelines at a price of $9 million. Air Canada and Soletur [expansion not given], a tour operator in Brazil, signed a contract totaling 349,600 UR's [expansion not given] for the purpose of carrying Brazilian tourists to Canada.

Wheat

Jean Chretien, who left for Trinidad & Tobago yesterday, visited the Luz Milling Company for half an hour on Saturday afternoon at the invitation of Antenor Barros Leal, president of that firm and of the Brazilian Association of Wheat Industries (Abitrigo). Canada stood out in 1994 as the second-largest supplier of wheat to Brazil (the largest was Argentina), with sales of 1.5 million metric tons worth (?300,000) UR's FOB. This year, when domestic consumption is expected to total from 8.5 million to 9 million metric tons, there will be room for imports of from 2.5 million to 3 million metric tons from Canadian and U.S. producers. Brazil will contribute 2 million metric tons, and Argentina will provide 4 million metric tons, according to Barros Leal.

Telesp Will Buy Northern Telecom Networks

Brasilia—Northern Telecom of Canada signed a $5 million contract with Telesp [Sao Paulo Telecommunications] last Friday to supply data networks and other equipment. Company president Clarence Chandran, one of the 120 businessmen accompanying Canadian Prime Minister Jean Chretien to Brasilia last Friday, estimates that the potential telecommunications market in Brazil is worth between $20 billion and $40 billion.

Chandran said that the businessmen were optimistic about Brazil, mainly because over the next four years, Minister of Communications Sergio Motta intends to carry out a program for expanding the telecommunications, postal, and telegraph sector that will require $30 billion in investments. "Those investments are not just public. We have to find private sources," said Motta, who met with Canadian investors on Friday. He is convinced that even within constitutional limits, "we will have the possibility of attracting investments." But he is betting that the increased flexibility of the monopolies, which will make it possible for concessions to be exploited by any kind of company, will open up "an unimaginable market for partnerships and for the investment of domestic and foreign capital."

President Fernando Henrique Cardoso said that "there is a national awareness relative to the need to break up certain state monopolies and increase the government's possibilities for moving forward with the privatization process."

Cardoso pointed out that "as a result of the accelerated privatization program which I intend to promote, opportunities will arise for Canadian investors to expand their presence in Brazil." Chretien said: "They already have investments in industry, agriculture, and services. I can state that our bilateral trade figures will have already increased by the end of this visit. Over 100 Canadian business leaders are with me in Brazil to take advantage of the tremendous opportunities this country has to offer. The new era in Canadian-Brazilian relations begins today." Besides the agreements and treaties signed between the two governments on Friday concerning the coproduction of movies, mutual legal assistance, and extradition, the prime minister said that by the end of the year, "we will hold talks on a vast range of common interests in the field of security."

Couple Arrested

The situation of the Canadian couple named Christine Lamont and David Spencer, who were involved in the kidnapping of businessman Abilio Diniz in 1989 and who have been in prison since that time, was the topic of talks between Chretien and Cardoso. The Canadian prime minister inquired as to the possibility of returning the couple to their country. Cardoso said in an interview that the issue had run into "legal problems and political implications." Chretien said: "I cannot do anything more than I have already done."

Agreements Already Signed

Last Friday the Governments of Brazil and Canada signed an agreement facilitating audiovisual coproduction. Included in that category are animation and documentaries produced on film, videotape, and videodiscs and intended for viewing in theaters or on television or video cassette. The coproductions must be approved by the Ministry of Culture in Brazil and the Canadian Ministry of Canadian Heritage, each of which will treat

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the work as a domestic product. "Each production will enjoy all the advantages and benefits currently available to the movie and video industry or other benefits that may be created by each of the parties in the future," the agreement says.

The share to be contributed by each country's producers can range from 20 percent to 80 percent of the budget for each coproduction. The sound track is to be in Portuguese, English, or French

This agreement between the two countries will have a duration of five years. It provides for the establishment of a joint commission that will oversee its implementation and meet once every two years.

Extradition Treaty

The treaty signed by Brazil and Canada will not apply to extradition requests if the crime in question is considered political by the state receiving the request. The crime cannot be classified as political if it involves the following: an assault or attempted assault on the life of a chief of state, head of government, or member of their families; homicide under special circumstances, whether voluntary or involuntary; intentional assault and battery; crimes involving kidnapping, sequestration, or other form of illegal detention, including the taking of hostages; and crimes involving any act of terrorism.

Mutual Assistance in Criminal Matters

The treaty on mutual assistance in criminal matters covers cases such as laundering money earned from drug trafficking. Assistance includes the supplying of information, documents, and criminal and judicial records, the locating of individuals and objects, search and apprehension, and measures for locating, freezing, and confiscating the proceeds of criminal activity.

Economic and Trade Council

The council established last Friday will consist of the Brazilian minister of foreign affairs and the Canadian minister of international trade, and it will meet once a year. Topics to be discussed by the two governments include in particular technology transfer, incentives for economic development, trade integration, Mercosur, NAFTA, and action plans for the Summit Meeting of the Americas.

Multinationals Increase Exposure in Informatics

95SM0186B Sao Paulo GAZETA MERCANTIL in Portuguese 1 Feb 95 pp 1, 10

[Article by Heloisa Magalhaes: "Informatics Now Interests Multinationals"]

[FBIS Translated Text] Rio de Janeiro—Large Brazilian companies are reducing their investments in the country's informatics sector while multinationals in the same industry are intensifying their presence. Many are leaving the field as part of a downsizing process, the move toward a service society, or the concentration of business into a much smaller number of activities—trends observable in large conglomerates both in Brazil and abroad. Among the firms in question are Bradesco [Brazilian Discount Bank], Santos Milling Company (Bunge of Brazil), Villares, Gerdau, and Docas. There are exceptions such as Itau, Iochpe, Machline, and others, which are remaining in the field but have reduced their participation and undertaken broad reorganizations within their firms.

Informatics, which in the early 1980's was considered the "business of the future," yielded good results during the days of the reserved market. The opening-up of the market helped make it clear that informatics involves a high-risk investment requiring special agility, an ability to keep on top of things, perfect timing in the launching of new products, huge amounts of capital for investments in technological training, and specialization. Those characteristics have jolted such giants as IBM and the innovative Apple in their competition with new and efficient firms that came into being and grew in a natural environment for operating in a high-tech field.

An outstanding example of that process is Bradesco, which has closed down activities by several of its companies in the field. One of the few companies remaining under the bank's control—Scopus Technology—now operates as though it were simply a department for handling only the financial institution's needs.

Scopus carried out microcomputer projects in the 1980's and was one of the leaders in PC [personal computer] sales during the days of the reserved market. It placed a good share of its technical team in Bradesco's hands in 1990 and for several years competed discreetly with other manufacturers in the market.

Now it has suspended its partnership with Japan's NEC [Nippon Electric Corporation] and ceased doing business with third parties. It is currently using chips supplied by IBM Brazil to assemble 2,600 microcomputers for the bank's use. It is that multinational's biggest customer. "The advantage is that the PC assembled by us meets specifications that the Scopus team has been storing since the 1970's," says Candido Leonelli, the firm's chief executive.

With the changes in the makeup of Scopus, Bradesco is achieving its goal of not controlling the capital of informatics firms working for third parties. It began on 30 July 1994 by closing Digilab, which had come to be a shareholder in nine other companies and was billing $100 million annually. It was manufacturing printers and bank automation systems as well as communication controllers for large computers. Now Bradesco has a minority interest in CPM Informatics, active in the difficult field of mainframe computers; the Rima Printer Company, which filed for protection from its creditors in December; and Victori and Ericsson in the field of telecommunications.

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The Docas group eventually came to control 13 informatics firms. The principal shareholder in Boavista Bank, it entered the field in 1980 when it diversified its investments and terminated its 100-year-old concession to operate the port of Santos. It had proposals for manufacturing high-capacity computers and chips. But last year it sold the last of the Elebra firms, that being the name of a good many of the Docas companies.

The special nature of the industry, the lack of a Brazilian tradition in high technology, and the discovery that operating in the field of informatics requires unique agility and huge investments and that a good many of the products are commodities that rapidly fade from the scene are some of the reasons cited by industry executives to explain how complicated it is to earn money in this field. They point out that it is a branch of industry where leaders such as IBM and Apple are engaged in an unremitting battle to stay competitive. Both have already absorbed huge losses and, faced with voracious new firms, have lost their top positions in the worldwide ranking.

Parallel with that, many of the large companies have been undergoing vast reorganizations. A good many of them are abandoning informatics as they downsize their burdensome structures based on a diversified range of investments.

Bunge of Brazil is one example. It has been restricting its attention to a smaller number of operations. The result is that the Bunge branch active in the field of informatics—the Santos Milling Company—has shifted its focus to cement, phosphates, and textiles. The first step was to sell 70 percent of the Proceda service firm's capital to a partnership formed by the Andrade Gutierrez construction firm (which is also becoming active in telecommunications) and Argentina's Socma [expansion not given].

Monydata, the Santos Milling Company's subsidiary involved in personal computers, was sold two weeks ago to the U.S. telecommunications giant AT&T, which is beginning to intensify its investments in Brazil. The transaction, involving a modest outlay of $6 million for the U.S. company, provides for retaining one of the firm's founders, Felipe Gomez Perez, as a partner. He views the change as a promising one for Monydata.

He points out that AT&T's PC operations exceed $9 billion annually. Moreover, the telephone industry giant also controls Bell Laboratories, which invests $6 billion annually in research. Bell plans to offer a new type of product—a combination PC and telephone—before the turn of the century, and the Brazilian firm will be able to participate in that promising source of business.

The Villares group is also undergoing a reorganization. Last month the Villares family sold 51 percent of the 78.9 percent of ordinary stock giving it control of Villares Industries, Inc., the group's parent firm. Eighty percent of the ordinary stock now belongs to Acesita, a company controlled by pension funds operated by the Bank of Brazil and Telebras [Brazilian Telecommunications, Inc.] employees (Sistel [expansion not given]), and 20 percent has passed into the hands of the South America group, an insurance company.

Last year Villares sold Ivix, a partner of IBM in the field of medium-sized computers (the Risc brand), to the U.S. giant, which for that matter has also been absorbing the partners in joint ventures formed in Brazil during the days of the reserved market. Another was GSI Informatics Services, a partnership that began in 1985 under the control of Gerdau, a steel company. Gerdau later became a minority shareholder, and the 30 percent it still owned ended up being sold in July of last year. Gerdau also wants to focus its attention on its main activity.

One partnership that the president of IBM Brazil, Rudolf Hohn, says he is going to continue is the one with the Itau group. One reason may be the bank's position as the multinational's biggest customer in Latin America. And Itau is part of the steadily declining number of major Brazilian companies remaining in the informatics business. "And we are going to continue," says Jairo Cupertino, president of Itautec (Itau Technology).

With a tradition in the industrial area that includes Deca (plumbing fixtures and fittings) and Duratex (fiberboard), among others, Itau has always viewed informatics as a business, not just as an activity for meeting the bank's needs in that area, Cupertino emphasizes. But he points out that the world and the country have changed and that his company has therefore been forced to downsize its affiliates, one example being the merger of Itautec and Philco in August of last year.

It was necessary to abandon ambitious plans in connection with microelectronics, but the firm has many victories to its credit. One was its export to the United States last year of $200 million worth of memory chips (small chips costing $30 per block). In addition, it has its own line and brand of personal computers competing with such giants as IBM and Compaq.

Like Docas and Itautec, the Machline group drew up plans during the days of the reserved market for manufacturing everything from chips to various kinds of computers in Brazil. Like the others, it also ended up selling its plans. Its partnership with IBM for the production of microcomputers, formed during the days of the reserved market, is being increasingly swallowed up by the multinational. IBM started out as a minority partner in the venture, but now it owns 70 percent of the capital, and the Machline group no longer participates in management of what is called the PC Company.

The reorganization of the Machline group's informatics firms was extensive. The three Sid [expansion not given] firms and five others in the industry wound up in a single company called Sid Informatics and a small microelectronics branch. Sid has a very clear object: automation for banks, business, and servers, the latter through an operating agreement with Italy's Olivetti.

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Iochpe, in partnership with the successful Hewlett-Packard [HP], is another domestic conglomerate that is not thinking of leaving the field, says Flavio Sehn, president of Edisa [Digital Electronics, Inc.]-HP. There is more than a little market speculation regarding an increase in HP's participation in the company and its probably voracious appetite for absorbing partnerships such as that with IBM.

But Sehn brushes such speculation aside, pointing out that HP participates in joint ventures in such key markets as Korea and Japan, and he says: "A year ago HP made an injection of $60 million into the company's capital. But Iochpe retained its 51-percent control even though HP's investment was larger. This is a happy marriage. There may be instances of unpleasantness, as there are in any union, but at the moment, peace reigns," he says flatly.

Chile

Peru's Fujimori Explains Remarks About War Against Chile

PY0303191195 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 3 Mar 95

[FBIS Translated Text] Peruvian President Alberto Fujimori has sent to the Chilean Government an explanation of the remarks he made yesterday that his country was armed for a possible war with Chile. He said that his words should be interpreted within a historical context.

In an interview on Uruguayan television, the Peruvian president had said that his country was the best armed in Latin America, as in the 1970's it had acquired weapons for a war against Chile. Given the turmoil caused in Chile by these remarks, Foreign Minister Miguel Insulza said that Fujimori himself instructed the Peruvian ambassador to Chile to explain the real meaning of his words.

[Begin Insulza recording] We have received from the Peruvian Government an explanation that the Peruvian president's remarks were made within a historical framework, referring to reasons of the past, in an effort to explain situations that prevailed some 20 years ago, and not in our current times.

Second, that these remarks were made in a positive manner, that is, that this was the situation in the 1970's but is not the situation today. [end recording]

The foreign minister said that Chile does not intend to start a controversy as a result of Fujimori's remarks, because that would contradict the good relations prevailing with Peru.

Colombia

Valdivieso Reports Arrest of Cali Cartel Leader

PA0303160695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Mar 95

[Telephone interview with Prosecutor General Alfonso Valdivieso Sarmiento by Dario Arizmendi and unidentified reporters; place not given; from the "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Arizmendi] Under strict security measures, Jorge Eliecer Rodriguez Orejuela, one of the men of the Cali Cartel, has been transferred to Santa Fe de Bogota. Let us welcome Prosecutor General Alfonso Valdivieso Sarmiento. Good morning, Mr. Prosecutor General. What details can you give our listeners about the circumstances of the arrest last night in Cali of Jorge Eliecer Rodriguez Orejuela?

[Valdivieso] [words indistinct] details regarding the circumstances. All I know is that the activities of the special joint command turned up the whereabouts of one of the [words indistinct] greatest participation in criminal drug trafficking activities in this region of the country. [words indistinct] transferred to Bogota where he will be placed in the hands of the prosecutor's office for a full deposition. Of course, this is considered [words indistinct] important...

[Arizmendi, interrupting] Excuse me, Mr. Valdivieso. We are going to switch to alternate communications, since our reception is not very good. We will be back with you in a few minutes. Thank you. [6-minute break in interview during which station carries other news]

[Arizmendi] We have now reestablished communications with Colombian Prosecutor General Dr. Alfonso Valdivieso Sarmiento. You were telling all the listeners of "Caracol's 0600 to 0900" newscast the circumstances surrounding the arrest of Mr. Jorge Rodriguez Orejuela.

[Valdivieso] I was just saying that I do not know the exact details of the operation. I only know that the arrest is the result of a very organized, I would say, operation by the special joint command. Of course, this arrest is very important for the prosecutor's office. Here is an individual who has [words indistinct] pending. He was immediately transferred to Bogota where he is being questioned. I believe that we are showing that it is possible to obtain these results and to advance not only in investigations and trials but above all in the arrest of persons who have caused our country so many problems and difficulties.

[Arizmendi] Mr. Prosecutor, what has Mr. Jorge Rodriguez Orejuela been charged with?

[Valdivieso] At this time [words indistinct] information, those related with actions violating Law 30 of 1986, for drug trafficking and for illegal possession of weapons.

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[Arizmendi] Mr. Prosecutor, will Mr. Rodriguez Orejuela stay behind bars in Bogota or will he be returned to the city of Cali?

[Valdivieso] For the time being, it has been decided to keep him under arrest in Bogota.

[Arizmendi] According to the information you have on hand, what hierarchical importance did Mr. Jorge Rodriguez Orejuela have in the Cali Cartel structure?

[Valdivieso] He is an individual who, although it could not be said that he was at the very top level of that criminal organization, did hold a very important, I would say, position because of his [word indistinct] with the persons who are known as the capos of that organization. It would then seem that he played a special role [words indistinct].

[Reporter] Mr. Prosecutor: I know you have to withhold certain information, but what can you tell us about the specific charges of drug trafficking lodged against Jorge Rodriguez?

[Valdivieso] I do not have, let us say, detailed information. Now, as you know, [words indistinct] all of this is under investigation. We are establishing [words indistinct] has been decided [words indistinct] another country [words indistinct] until now (?evidence that has been presented) elsewhere. Consequently, I believe that the prosecutor who is assigned to handle the case will be analyzing all the circumstances that will allow the prosecutor's office to handle this rapidly. I believe that the important thing is for the case to advance, because it will show the decisions by the prosecutors for all [words indistinct] this case (?due) process.

[Male reporter] Mr. Prosecutor General, what about the other Rodriguez Orejuela brothers?

[Valdivieso] Well, we hope that similar circumstances will occur again [words indistinct] are in the city of Cali will be arrested also and that the regular procedures can then be followed. I believe that for them and for all the persons who are in a position to denounce criminal activities [words indistinct] justice can effectively implement these measures and that we can also continue to receive their reports directly so that we can forge ahead in the [words indistinct] corruption in the prosecutor's office.

[Reporter] Mr. Prosecutor General, for the benefit of listeners, how does the surrender policy apply in the case of Mr. Jorge Rodriguez Orejuela, already under arrest?

[Valdivieso] We would first need to establish if this person is interested in eventually proposing some degree of cooperation with the justice system. The Prosecutor General's Office would then determine and evaluate whether benefits could be granted. It all depends on what I would call the person's willingness, resolve, and interest. This is not a policy that can be imposed on anyone. For the time being, he has been captured, his deposition will be taken, and the usual legal course will be followed. If he then decides and is willing to cooperate, then the legal rules that provide for surrender to the state may be implemented. But at this moment, having been captured, he does not have surrender benefits.

[Reporter] Mr. Prosecutor General, regarding his arrest—he is in a Dijin [Judicial and Investigative Police Directorate] cell—some authorities have said he could be transferred to La Picota National Penitentiary, in the high security patio. Do you have any further information on this?

[Valdivieso] Yes, I had mentioned that this probably will be done right now and that Rodriguez will be held in jail there.

[Arizmendi] Mr. Prosecutor General, right now Government Minister Horacio Serpa and former President Misael Pastrana Borero are engaged in a tough public debate, because the minister says there are stateless people and the former conservative president says that if the minister knows who they are he should then go ahead and report them. Even though this might have political implications, it does have legal connotations, because both speak of treason to the fatherland. Can the Prosecutor General's Office investigate this crime?

[Valdivieso] I suppose that this could at one point come to that. I very much regret this episode; I frankly would not have expected such expressions from people at those levels. I particularly feel that former President Pastrana's appraisal regarding the government minister has been unfair. Dr. Horacio Serpa was referring to drug trafficking. I personally (?know) what Dr. Serpa has done about fighting drug trafficking and his unyielding decision to face this phenomenon when together with him, in 1989, I had to (?face) the extradition issue [words indistinct]. I am a witness of this decision, and this appraisal is completely unfounded. Regarding the other accusations, I do not want to give an opinion on these because (?this is something very personal).

Officials See Arrest as Beginning of End for Cartel

PA0403012895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 4 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] At a news conference at the National Police General Directorate this morning, the police director, Defense Minister Fernando Botero, and the DAS [Administrative Department of Security] director all expressed satisfaction over the arrest of Jorge Eliecer Rodriguez Orejuela.

The government is portraying Jorge Eliecer Rodriguez Orejuela's arrest as the beginning of the end for the Cali Cartel. According to Defense Minister Fernando Botero, this arrest is the first tangible result of several months of intelligence work.

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[Begin Botero recording] The international community is expressing very generous recognition to Colombia in light of this arrest. Different people overseas already have made pronouncements expressing their satisfaction over this news, which represents a significant step in Colombia's struggle, as well as the struggle of the entire world, against drug trafficking. [end recording]

Meanwhile, Police Director General Rosso Jose Serrano said the government is reviewing the legality of offering rewards to anyone who turns in the other six members of the cartel leadership. He also said the police offensive will continue in Valle del Cauca Department.

[Begin recording] [Unidentified reporter] With this, are you proving the United States, Frechette, and Helms wrong?

[Serrano] No. I believe we are professionals. Our actions are not guided by vindictiveness against anyone. We do our work because it is our obligation, and because we have a commitment to the country and the world. [end recording]

DAS Director Ramiro Bejarano, who also participated actively in the operation, stressed the severity of the blow dealt to the Cali Cartel today.

[Begin Bejarano recording] He is one of seven individuals who comprise the Cali Cartel leadership, in addition to his relationship with Gilberto and Miguel Rodriguez Orejuela. He is a very important person in the Cali Cartel organization. [end recording]

The three officials agreed that no time limits can be set in a struggle as difficult as the one against the mafia.

Foreign Minister Views Objectives of Anti-Drug Summit

PA0503193495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1823 GMT 5 Mar 95

[From the "Cripton Newscast"]

[FBIS Translated Text] Colombia will invite the United States, Mexico, and Venezuela to the anti-drug summit it has proposed to Bolivia, Paraguay, and Peru, which make up the group that received the conditional certification from the United States. The venue could be Cartagena. Ivan Dario Parra spoke with Foreign Minister Rodrigo Pardo just moments ago.

[Begin recording] [Parra] We are at the home of the foreign minister to discuss the drug summit summoned by the presidents of Colombia, Peru, Paraguay, and Bolivia. Mr. Foreign Minister Rodrigo Pardo, what is the objective for this American summit?

[Pardo] After what has happened these past few days one gets the feeling that there is something wrong with the drug problem. These four countries, with the exception of Paraguay and the United States, met twice two years ago to propose a global strategy against drugs. If none of them is able to be certified now—except the United States, which is the one granting the certificates—then these programs are not working. This is not a problem of Colombia alone, but of the whole hemisphere. We want to promote meetings that can allow us to form an alliance of several countries to fight drug trafficking more effectively.

[Parra] Will other countries be invited to the summit, and perhaps even the United States, Mr. Minister?

[Pardo] Of course, the United States will be invited, because it is the world's largest consumer. The U.S. presence is extremely important, in order to draft a balanced strategy against supply and demand. I suspect it would be useful to try and involve other countries, where other forms of drug trafficking activities have surfaced since the last summit took place in 1992.

[Parra] This has been a last minute report from the home of Foreign Minister Rodrigo Pardo. [end recording]

Drug Money Said Behind Economic Boom in Ibague

95WD0202A Santa Fe de Bogota EL TIEMPO in Spanish 19 Feb 95 p 18A

[Article by EL TIEMPO special correspondent Clara Elvira Ospina: "The Specter of Drug Trafficking Haunts Ibague"]

[FBIS Translated Text] Ibague—The residents of Ibague did not know until March of last year that the drug trafficking monster had decided to grow up in their city.

The first coca-processing laboratory was raided on 6 March of last year, and they thought it was "an isolated incident." Now however, like in a horror story, the monster has grown rapidly, and although it seems as untouchable as a phantom, its footsteps are already resounding through the city.

The authorities are on the verge of initiating an official investigation into the alleged laundering of more than 18 billion pesos through Tolima financial institutions. Some 10 people are implicated in the crime.

Preliminary investigations indicate that a nonprofit institution received purported contributions in dollars that were later converted into unencumbered assets before the Tax Directorate.

But this is not the only sign that drug trafficking is already active in the department. The commander of the police himself, Colonel Eduardo Rengifo, said that there is an arm of the Cali Cartel in Ibague but that so far there has been no way to turn the existing clues into firm evidence. "No one wants to get involved, and so far the inquiries have not identified the drug ringleaders into whom we can begin an official investigation in connection with this crime," he told EL TIEMPO.

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An increase in construction that many describe as "extravagant," more imported luxury cars on the streets, the presence of strange visitors who seem to be among the new rich, and the emergence of hired killers are other signs that ill-gotten gains have arrived.

We must also not forget that poppies are growing on at least 6,000 hectares in the central highlands of the department.

And there is more. The authorities know that Henry Loaiza, known as "The Scorpion," who security agencies say is one of the major traffickers in the northern Valle cartel, has his eyes set on Ibague, has bought property in the area through third parties, and regularly travels to the city to do "business" and relax. A circle of mid-level Tolima traffickers has formed around him.

A great many stories are also being told. "The Scorpion" has reportedly given cars as gifts to beautiful women and done charitable deeds in Venadillo.

According to Colonel Rengifo, although the phenomenon of hired killing has not spread, there have already been at least five cases in which it is suspected that hired killers were following orders from drug traffickers.

There are still those who refuse to believe this, however. Several segments of Ibague society have begun to react and are insisting that the benefits granted under Law 44 of 1986 to new investors after the Nevado del Ruiz tragedy are solely responsible for the business and construction boom.

Another segment says that there may be drug money in Ibague, "as there is almost all over the country."

But a third and final segment seems to be more realistic, admitting that the destructive power of drug trafficking is already to be found in the city.

The first person to say so publicly was the archbishop of Ibague, Monsignor Juan Francisco Sarasty, who in a communique backed by the city's entire clergy said that "we do not want Ibague to become a haven for the merchants of death and their money."

Later he said: "We do not want our conservative, modest, family-oriented, orderly culture to be replaced by deleterious models. The authorities have a duty to control these phenomena and have the means to do so, especially now after the public rejection of the drug bill. The various economic, financial, industrial, and professional associations also have a responsibility in this connection."

Sad Situation

The authorities are not hiding the fact that major drug traffickers from Valle and Risaralda have moved into Tolima.

"The Scorpion," they know, owns property through third parties in Venadillo and El Tutumo and on the outskirts of Ibague. The authorities are also investigating whether whether a man called "Empanada" has ties to the cartel that "The Scorpion" has built in this capital city.

Three or four other people in Ibague are now under investigation by Tolima security agencies, although they have not been officially charged with drug trafficking.

So far investigators have found only unusual commercial ties between some drug traffickers and city residents. One case involves a well known Ibague businessman who sold off a small portion of his estate two weeks before the authorities discovered a sophisticated coca laboratory there.

But although the investigations are still in their early stages, what cannot be disregarded at this point are the results of the police operations against the drug traffickers.

Last 6 March the authorities found a first shipment of 674 kilos of cocaine in Guamo. Later, in early April, they discovered a sophisticated laboratory, the largest ever in the department, in Venadillo. The supplies that they found in the lab, which was just being installed, were worth more than 800 million pesos.

Other laboratories were uncovered in Coyaima and Piedras, 30 minutes from Ibague. Three-hundred kilos of pure cocaine were found in the latter lab, which had been set up just two weeks before.

The people captured during almost all of these busts were from the departments of Valle and Risaralda.

The Prosecutor's Office also succeeded in dismantling a drug-trafficking network that operated out of the University of Tolima. The traffickers used college coeds to take heroin from Ibague to Pereira.

The investigators established that two young men from Risaralda got to know several college girls, won their affections, and then convinced them to travel to Pereira with at least 20 bags containing 8 grams of heroin each. A gram of the drug, which is worth 30,000 pesos in this city, brings in twice as much in Pereira.

Three persons are under arrest, and their trials are already under way in the Bogota Regional Prosecutor's Office.

The criminal trials are being held in Bogota because there is no Regional Prosecutor's Office in Ibague. An anonymous prosecutor was merely assigned to the Sijin; for security reasons he is handling only the first stage of the trial but makes no substantive decisions.

There are a great many cases, however. In the last year alone 300 criminal proceedings were begun in connection with crimes that fall within the purview of the regional courts. Sixty percent of them have to do with drug trafficking, and more than 25 percent with kidnaping.

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This is why the Ibague Security Council decided at its most recent meeting, on Tuesday of last week, to formally ask the Prosecutor General's Office to set up a Regional Prosecutor's Office in Ibague.

Capital

Those who say that drug trafficking has entered Ibague point to the numbers on investment in construction, the plentiful money in circulation, higher rents and property values, and the high savings rate.

Luxury hotels and restaurants with special attractions are the talk of the town among Ibague residents. "This belong to a trafficker," "This one too," people are always saying, but the authorities still have nothing definite to go on.

According to the Municipal Planning Secretariat, construction has been up substantially since 1992 because of the low-cost housing programs. But the boom in construction in 1994 was due to the growth in luxury single-family and multifamily dwellings.

During the first nine months of the year alone, 246,371 square meters of residential units were built; 13,000 more were built for business, and almost 4,000 for industry.

Prices skyrocketed. A square meter costs 400,000 to 500,000 pesos on the average, and although some builders are of the opinion that this is normal for a developing city, others think that the rise in prices has been excessive because two years ago you could easily buy a square meter for 200,000 to 250,000 pesos.

According to Camacol [Colombian Construction Board], construction prices rose more than 24 percent in 1994.

The books that the Chamber of Commerce keeps show that net investment in construction totaled 785,700,000 pesos in 1993 and 1,026,300,000 in 1994. These numbers, however, reflect only what builders have declared, and the board itself admits that there could be underrecording.

Very few people dare talk in public about the issue of construction, however. Only the archbishop would tell EL TIEMPO that he did not understand where the money was coming from not only to invest in luxury properties but also to buy at such high prices.

Rents are also up alarmingly. The president of Fedelonjas, Clemencia Parra, recently told the newspaper TOLIMA SIETE DIAS that the situation was worrisome. According to Parra, until a few years ago a rental that cost 100,000 pesos in Bogota cost 40,000 in Ibague. Now, however, the ratio is 100,000 in Bogota to 75,000 in Ibague.

Even more revealing are the figures for net capital investment according to the records of the Chamber of Commerce. Whereas there was 13.16 billion pesos of this investment in 1993, it rose to 126 billion in 1994.

The chamber asserts that these numbers do not include any hot money and that, on the contrary, they reflect the boom that the government itself promoted through the investment incentives law after the Nevado del Ruiz tragedy.

There are more numbers. According to the chamber, last year saw the heaviest investment ever in Certificates of Deposit, as banks attracted 400 billion pesos in 12 months.

The problem is that although many say that most of this money comes from honest work, the shadow of drug trafficking is still darkening the success of clean investment.

[Box, p 18A]

Fabio Urdinola in Picalena

The authorities point to the presence of Julio Fabio Urdinola in Picalena Jail in Ibague as one of the reasons why law and order are being disrupted in the city.

"The fact that Urdinola is in Ibague," said an official who asked not to be identified, "has prompted a migration of people who manage his finances, of people in charge of security, and even of friends who want to be by his side."

Intelligence agencies already have evidence that front men in Urdinola's employ have begun buying property around the jail.

There is no lack of gossip either about supposed irregularities in the jail, although the Departmental Attorney General's Office has not received a single complaint about jail officials.

[Box, p 18A]

Drug Trafficking, a Difficult Issue

The municipal authorities seemingly want to avoid touching on the issue of drug money inflows.

In an informal dialogue with EL TIEMPO, the mayor of this city, Alvaro Ramirez, said that it was better for him not to discuss this delicate an issue.

According to him, these "are issues for the security agencies." He did make it clear, though, that "one cannot think that drug money has not gotten to Ibague, because that money is all over the country."

He added that no security agency can yet say who the alleged drug traffickers in Ibague are.

For his part, the governor, Francisco Penalosa, said that the issue has been discussed at Security Councils but that for now the problem is not that worrisome.

"Recently," he said, "people have started saying that there is a construction boom. Tell me where. I don't see the luxury buildings that people are talking about."

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The governor also said that many honest people are investing in Ibague because it is a pleasant city. "I even have some investments in the city," he said.

Penalosa added that Ibague is a calm city in which people can still live in peace.

Ecuador

Foreign Minister Views Montevideo Declaration

PA0303213295 Quito Voz de los Andes in Spanish 1700 GMT 3 Mar 95

[Report on news conference by Foreign Minister Galo Alberto Leoro Franco with an unidentified moderator and domestic reporters on 3 March in Quito; from "The Voz Andes Newscast"]

[FBIS Translated Text] [Begin recording] [Leoro] As you know, the Ecuadoran and Peruvian foreign ministers were invited by the foreign ministers of the guaantor countries to a work meeting in the city of Montevideo. I went there at this invitation. I had thought that the purpose of that meeting was to ratify and implement as soon as possible the so-called Itamaraty Peace Declaration. This was the objective. It is still an objective to be fully accomplished. The cease-fire had been repeatedly violated by Peru. We had no doubt that this is what should have been highlighted and the objective of this invitation. The invitation could not have been expanded to include other issues to reach other objectives in the future without first successfully accomplishing what the Itamaraty Declaration establishes.

Nor could this be a modification, as some people in Peru have suggested, according to what the media has reported, because the signed document is clear and specific enough to serve as the sole basis for a cease-fire, withdrawal, demilitarization, and, eventually, demobilization process.

As expected, in the meeting on the evening of 28 February in the Brazilian Embassy, the talks were restricted to discussing just that. The guarantor countries spoke of the solemn need to have a cease-fire, without which they could not send observers.

This point was broadly discussed by Ecuador to explain that we never broke the cease-fire, except in cases of legitimate defense. I stated, as we have stated before, that no Peruvian post has been attacked. The attacked posts are Ecuadoran detachments, so there cannot be any talk about Ecuadoran violations or attacks on Peruvian bases. The opposite is true.

I clearly stated this position. The fact that it is necessary that observers go to the border was also expressed in detail. It is necessary that they go there. Three military attaches and a civilian have gone there. The military attaches are from the embassies of Argentina, Brazil, and Chile. The civilian is from the United States. In the opinion of the Peruvian foreign minister, these observers were able to produce a decrease in clashes.

I described the effect produced by these observers as a catalyst because it produces a real and effective cease-fire process. This is the kind of effect we must have, and we must have it immediately without waiting for a complete cease-fire, as the Itamaraty Declaration states, because we could have a situation that has already been described this way: There is no cease-fire because there are no observers, and there are no observers because there is no cease-fire. This was not and cannot be the objective of the Itamaraty Declaration. This declaration, in spite of having a military nature, is basically of a political nature. It is a search for peace. The cease-fire and other steps lead to nothing but peace and to a normalization of relations between Ecuador and Peru.

The meeting, especially that with the observer countries, was centered on these issues. In the end, it was decided that three actions are possible.

First, calling for an effective cease-fire. It was said that this must take place within the framework of good faith and the promotion of trust. Without good faith, no agreement can take place with the terms established in the agreement itself.

Second, the two parties thank the guarantor countries for immediately sending their observers or representatives to the area. This will allow for a supervision of the cease-fire and the concentration of forces at previously established sites: Coangos and PV1 [Watch Post One].

This is a political achievement. The idea is that the observers move right away, that they do not wait for steps that cannot take place because of the lack of observers. The separation of forces mentioned in parragraph two of the Itamaraty Declaration speaks of the assistance of observers from the guarantor countries. If we are not going to have observers, then the separation will not take place. We have to see how to immediately and in good faith implement what is established in the Itamaraty Declaration.

This is what was definitely referred to within the Montevideo Declaration, which was signed by the four guarantor countries and the Peruvian and Ecuadoran foreign ministers. It is true that all of this requires political resolve from each country, and we have fully shown and demonstrated this. We hope that now that the Montevideo Declaration has been issued within an atmosphere of great expectation—an auspicious atmosphere generated in this city by the swearing-in of the new president, Mr. Sanguinetti—these special circumstances will serve to highlight the importance of the declaration even further. There were presidents there who, in one way or another, could see what was about to happen, what in fact did happen. There were delegations from all of the countries of America and, of course, from Europe and other continents, all of whom had been drawn to this event in Montevideo.

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I believe that the atmosphere in which this declaration was signed should especially give Peru the feeling that it must now comply with this declaration, and we believe that Peru will comply. Without this declaration, we would not be advancing in this peace process.

The news I have received since returning last night from Montevideo, along with the president, is in some way the result of this effort, and I believe this is encouraging. It has been recognized that there have been no clashes, no violations of the cease-fire. Therefore, the immediate arrival of observers, as Chile has announced for tomorrow, and Brazil is also willing to send its observers before 9 March—all of these things point toward the goal Ecuador has sought—namely, peace with dignity. Otherwise, Ecuador could not have accepted it.

This has been the result of a patriotic effort—a heroic effort, one might say—by the Armed Forces, whose actions have been firmly supported at all times by Ecuadoran diplomacy.

These are the topics I wanted to outline for you as part of this new effort—the Montevideo Declaration. We hope that with the increasingly active, increasingly more effective cooperation from guarantor countries, and following this call for goodwill and good faith, both in this document and during the meeting held on the evening of 28 February, we will continue to advance in this process, which, despite difficulties, is on the road that will lead us to peace.

[Moderator] Mr. Foreign Minister, Wilmar Sanchez from [words indistinct] [end recording]

[Unidentified announcer] Later, Ecuadoran Foreign Minister Galo Leoro Franco replied to questions from the media. For example, what will happen with Tiwinza once it is placed in the custody of the guarantor countries?

[Begin recording] [Unidentified reporter] Other Ecuadoran detachments have been considered a sort of refuge or a step backward, especially because we have been in those positions for several years. What is [words indistinct] also Tiwinza? Or has it simply been there for the country's [word indistinct]. Today, former President Rodrigo Borja spoke about this. In this regard, Mr. Foreign Minister, I urge you to tell the country what is going to happen to these positions under the observers [words indistinct].

[Leoro] Indeed. Retreat is a military action an Army is forced to take when its opponent drives it back. How? By force, thanks to military superiority, tactical superiority, or whatever you want to call it. That is what retreat is. To redeploy in a certain spot to allow a peace process to begin—a process in which Peru also will pull back and redeploy its forces to PV-1 or Pastor—is a system under which every cease-fire mechanism is controlled. If you were to see the UN resolutions on this topic, all have similar clauses. Therefore, the fact that these posts are turned over to guarantor countries does not equate to a retreat or a surrender to Peru. We are allowing these centrally located posts along the Upper Cenepa River Valley to be placed into the hands of the guarantors, and they will guarantee to maintain them. We need to count on this. We must count on their good faith, and we must always count on good faith, because without this effective good faith, nothing is possible.

[Reporter] Mr. Minister, yesterday [words indistinct] the Ecuadorean Government [words indistinct] [end recording]

[Announcer] The minister also was told there is a need for another document to be signed with the observers, which led him to say the following:

[Begin recording] [Leoro] Look, the signing of an additional document would simply involve a document that says the detachments in these places will allow passage and will make delivery to the guarantor countries. I believe this is entirely feasible. Nevertheless, I have to stress that everything, both oral and written, must be expressed in good faith, because without good faith it will be impossible to make any progress whatsoever.

One has to have a certain degree of optimism for no other reason than the fact that the experience we have, the experience the guarantors have, and all of the experience that surrounds the problem makes us believe that we are dealing with this issue seriously, and that we are dealing with something that must be strictly fulfilled. [end recording]

[Announcer] Regarding the insistence on an arbitration by Pope John Paul II, he said:

[Begin recording] [Leoro, in progress] ...must be discussed and designed after this phase has been overcome. We have not yet reached this point.

[Reporter] Is that feasible?

[Leoro] Of course it is feasible. Every peace effort is feasible. Mediation, arbitration, and all of the processes that fall within the procedures for a peaceful resolution of controversies are applicable, and Ecuador has always employed them. Not just now, but always. Always. I am talking about Ecuadoran history. If one wants to mention the Rio Protocol, I would say that ever since the protocol has been causing problems we have been looking for peaceful solutions.

[Moderator] Mr. Foreign Minister, here is Pablo Herrera from [words indistinct]

[Herrera] [Words indistinct] when a Peruvian president has expressed [words indistinct] war with Chile.

[Leoro] I believe this is one part of a problem that has two fronts—one to the south, and one to the north, toward Ecuador. This statement is a political statement, and all I can say is that it is an expression of Peru's political policy of arming itself and seeking means that

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are not for defense but perhaps for expansionist purposes. What can we say? This is a reality, something we have always known. It is a militaristic spirit that unfortunately has led us into situations such as the one we have endured recently.

[Moderator] Mr. Minister, Pepe Marmol from CRONICA INTERNACIONAL magazine.

[Marmol] Excuse me, Mr. Minister, was there any pressure from Peru to maintain the proposal made by Fujimori that the troops [words indistinct] to leave Coangos? Second, was the possibility of continuing the negotiations on delimiting the area brought up at this foreign ministers meeting?

[Leoro] To tell the truth, Peru did not propose what you have just said regarding Coangos. It did not bring up the other topic either. As I said earlier, we are only going to begin a process of [word indistinct] with the goal of making feasible and speeding up the implementation of the Itamaraty Declaration. I would never have been willing to do anything other than this.

[Reporter] [Words indistinct] Apparently Peru is promoting the presence of [words indistinct]. What is Ecuador going to do to counter this?

[Leoro] I have just learned about this, because, as you know, I arrived last night. I understand that this is a new problem—a problem of a different nature, but nevertheless one that obviously is important in terms of determining which towns should exist there. We have already spoken clearly about the towns along the Upper Cenepa—Shuar towns, Ecuadoran towns. Statements have already been made about how they settled there, how they lived along the banks of the Tiwinza River, what the word Tiwinza means in their language, and so on. We have to counter this with the truth, and we have to prevent policies of this type, which are aimed at creating more confusion—additional confusion that might be disadvantageous to Ecuador. [end recording]

[Station announcer] This was the news conference Ecuadoran Foreign Minister Ambassador Galo Leoro Franco gave to members of the media regarding the Itamaraty Declaration and Tuesday's Montevideo Declaration. The foreign minister returned from Uruguay last night, where he and the president attended the presidential inauguration. While there, he signed a new document with the Peruvian foreign minister.

Defense Minister Confirms Armed Forces on Alert

PA0403011195 Quito Voz de los Andes in Spanish 2300 GMT 3 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador has claimed victory in the armed conflict with Peru, which lasted four weeks and left dozens of people dead on both sides. Following the Peruvian aggression, we achieved a military victory, because we prevented that country from reaching its goal of driving out Ecuadoran forces and seizing territory, Defense Minister Jose Gallardo told a radio station today.

The Ecuadoran Armed Forces responded with determination and efficiency, and their tactics were based on the doctrine of attrition. He added that countless resources were found among the people, within our territory, and in our souls to wear down the aggressor. Gallardo noted that Ecuador not only successfully defended all of its positions, but it also managed to seize two Peruvian-held positions.

Meanwhile, the military command reported that, from the outset, Ecuador prevented the hostilities from spilling outside the disputed zone, which could have prompted the two countries to wage an all-out war. Meanwhile, he pointed out that if, at any given moment, Peru's actions pose a serious threat to Ecuador, the Armed Forces will be forced to respond. He said the Armed Forces remain on alert, and he added that we will no longer allow our country to be humiliated.

According to the Ecuadoran Joint Command, 28 Ecuadoran soldiers were killed and 87 wounded since hostilities erupted over some 340 square km of the Amazonian jungle.

Senacom Reports Satisfaction at Hostility Cessation

PA0403193895 Paris AFP in Spanish 1749 GMT 4 Mar 95

[FBIS Translated Text] Quito, 4 Mar (AFP)—There is great satisfaction in Ecuador over the cessation of hostilities that began on Wednesday, the State Communications National Secretariat (Senacom) reported today.

Senacom said the cease-fire in the undeclared war was achieved after the Ecuadoran and Peruvian foreign ministers signed the Montevideo Declaration last Tuesday. In the document, the two countries pledged to immediately and effectively enforce the cease-fire they had formalized on 17 February through the Itamaraty Declaration, which they signed in Brasilia.

Despite the Itamaraty Declaration, clashes between Ecuadoran and Peruvian forces continued in an undelimited border zone in the Amazon jungle. Consequently, Argentina, Brazil, Chile, and the United States—which paved the way for the peace declaration—again called Ecuador and Peru to a meeting, this time in Montevideo, to ask them to make a commitment to obey the Brasilia document.

Senacom also reported that Ecuador expects the arrival of some members of the observers group that Argentina, Brazil, Chile, and United States will dispatch to supervise the cease-fire.

In a summary report, Senacom said the local press today highlighted the calm that prevails on the Ecuadoran side of the border with Peru. In addition, Senacom said, the

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press carried commentaries on President Alberto Fujimori's "unwise" remarks. Fujimori said his country is one of Latin America's best armed "because for several years we thought we would have to go to war with Chile."

Poll: Ecuadoreans Believe Peru Not To Respect Accord

PA0403010795 Quito Voz de los Andes in Spanish 2300 GMT 3 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] A poll has shown that 98 percent of Ecuadoreans believe Peru will not respect the new peace agreement signed in Uruguay on 1 March, and 92 percent believe Ecuadoran President Sixto Duran-Ballen acted correctly when he refused to shake hands with his Peruvian colleague, Alberto Fujimori.

According to a poll conducted by the (Sedatos) Polling Firm, Ecuadoran mistrust reached 98 percent, 59 percent of those consulted have said they doubt Peru will respect the Montevideo Declaration, and the remaining 39 percent believe Peru will fail to comply.

On Duran-Ballen's attitude—perhaps a lack of courtesy that is justifiable, as he has admitted—92 percent of his compatriots questioned by (Sedatos) have said the president acted correctly, 5 percent have said he should have simply ignored Fujimori, and 3 percent have said he acted incorrectly.

Duran-Ballen snubbed Fujimori, whom he has made personally responsible for the aggression against Ecuador, in Montevideo, Uruguay, where the two met this week during the presidential transfer of command ceremony.

Illusory Peace Viewed; Fight Against Poverty Urged

95SM0204B Guayaquil EL UNIVERSO in Spanish 19 Feb 95 p 7

[Commentary by Xavier Benedetti Roldos: "The Peace of the Rifles"]

[FBIS Translated Excerpt] [Passage omitted] Peace has come, if peace means stopping the shooting. We went to the most distant areas of the jungle in search of the fatherland. We fought for 10 fortified positions. The 200,000 square km of land lost in 1942 gave us the courage. And Peru has been reading its imperial literature. It was filled with resentment because in 1942 it let go of the Province of El Oro, which it then occupied. In 1942 it let go of the petroleum region now exploited by Ecuador. It could not reach Guayaquil, the port of its dreams, an Ecuadoran port. And it stopped drinking the waters of the Jubones River and abandoned the Puyango-Tumbez project and the electricity and irrigation that have come from it so that the Peruvian desert might break out in greenery and fruit. That was not done in 1942 and is not happening now. It should not be happen! These are the reasons which bring us into the jungle and which give Peru a reason for compensating itself with jungle for the lost petroleum resources, the lost Province of El Oro, the port of Guayaquil which it cannot reach, and the Ecuadoran waters.

Peace, if it is peace when guns are not shooting, has been achieved. However, a lasting, eternal, permanent, and certain peace, a peace born from a recognition of international law, has not been achieved. It does not exist. It will not exist. This is because the Peruvians who are militarists, expansionists, and imperialists think about, study, and long for borders which are beyond their reach. With their diplomacy they are dreaming of another America. Peru is looking for water and seeds, land covered with green plants and the crops that grow on them, a good port and petroleum, gold and beaches. It is not finding them in its terribly arid, desert-like, thirsty, and impoverished territory. All of this goes beyond the bounds of international law and beyond its borders. Ecuador has all of this. This is what Peru covets.

There will be no peace born of understanding, of the soul, and of conscience. Peace between Ecuador and Peru will never be born on the basis of international law. It will be a peace achieved by rifles, by diplomacy, by geopolitics, by the interests between states, by trade, and by development. We must apply the appropriate diplomacy to achieve this peace.

For better or worse Doctor Alberto Fujimori is in power in Peru and apparently will continue in office. For the better, because he has let himself be known as changeable, cynical, and false. He thinks that if you know a rival, it is appropriate to deal with him. For the worse, because it forces us to maintain a permanent and expensive, defensive force, a distraction for our national productive system. We must outline our future on this reality. This is the future which began yesterday, continues today, and will always exist. That future is our future. In the past there were quarrels, useless discussions, and proposals developed with an eye to elections—in fact, these came to nothing. We are going to build our future with the clay of the morning—fresh, recently dug up, and new. A new kind of politics is opening up. I see Ecuador moving forward through American history, strong, radiant, prosperous, certain, and serene with the serenity of one who can do it, who knows how to do it, and who has faith in life and in the future. [passage omitted]

And I want to draw the great fatherland of today and forever out of our recent society.

We have a grievance, and shame humiliates us. It is not Peru's fault. We confront Peru because our fatherland calls and to fashion our own destiny.

I feel deep humiliation because of our misery. I saw the parade of the people, of persons of education, of children with thin faces who look ahead as only children know

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how to look, of serene men who have hardly any clothes. I saw our people from the Amazonia area, naked and proud but sick, consumed by the fever of patriotism and malaria. I have seen Ecuador win from Peru as I never did before and then lose to Ecuador itself.

This is the war which we are going to win for today and forever. A war against poverty, but not against the poor. A war against ignorance, but not against the ignorant. A war against social defeat.

And Peru should take part in this war. It has more illiterates, more of the sick, more of the hopeless, more people suffering from misery than we do. Its president dresses them up in soldiers' uniforms to die in the jungle with no one to watch them. This is the only proper war which both countries should declare: against poverty.

We will achieve peace when our exports are worth $20 billion instead of barely $4.0 billion, when we can proudly show our statistics on unemployment and inflation to the world, when we have modernized the state with honesty and efficiency, when we have included tourism, the mines, and the land in the process of development. When we have professionalized the courts and restored the social security system. When there are no children without an childhood to enjoy and without schools. When there are no older people without a generous pension and pleasant evenings to spend.

Not a step backwards was the slogan in the jungle. And it is the slogan in our social development program.

The great march toward the great history of a great people and for a great state begins today.

Today, every Ecuadorean will be two soldiers at the same time. A soldier on the frontier and a soldier in the war against misery.

This is the war, the true war, the great war which we must fight and win.

Peru

Fujimori Expresses 'Annoyance' at U.S. Certification

PA0403182295 Mexico City NOTIMEX in Spanish 1655 GMT 4 Mar 95

[FBIS Translated Text] Lima, 4 Mar (NOTIMEX)—Peruvian President Alberto Fujimori today expressed his annoyance at the partial "certification" given Peru by the United States over the counternarcotics struggle and said his country has been fighting drug trafficking as a sovereign nation.

The chief of state said during an interview on Lima's Global de Television Network: "Peru can do without certification from the United States or any international organization because it has demonstrated its efficiency in the counternarcotics effort."

He recalled that in recent months a police operation resulted in the seizure of 3.5 tons of drugs. The drugs were bound for Mexico, and from there to the United States. He said: "We are a sovereign country, and they are telling us: You receive this or that grade. This is wrong."

Fujimori said the United States has a law by which it evaluates other countries experiencing problems such as drug-trafficking. He noted that U.S. "certification" has three levels.

Fujimori said nations which, according to the White House, do not efficiently fulfill the counternarcotics effort "flunk the exam," while others are watched as a matter of national security. The third level is equivalent to an "excellent" grade.

Fujimori said Peru, Bolivia, Colombia, and Paraguay have been placed in the second level. These are nations whose exports to the United States would have suffered had they not "passed the exam."

Fujimori said these four countries have drafted a joint declaration to respond to the Clinton administration. He explained that the letter is not confrontational "but seeks understanding."

The letter's second paragraph, which was read today by Fujimori, states: "Some of the criticisms against us are inexact and unfair and demonstrate that we must still overcome incomprehension and ignorance so the struggle in which are involved can be, as we all want, as successful as possible."

Luis Lamas Puccio, a UN consultant on narcotics affairs, said he believes the annual report presented by the U.S. Administration to the U.S. Congress on 1 March on the counternarcotics effort is contradictory.

He said: "From an international viewpoint, it is irresponsible not to certify a country which, despite limited resources, is making an effort to fight this scourge." He said the White House's position "makes international and regional relations more tense."

Lamas Puccio noted that "this decision favors neither the United States, Peru, nor the other affected countries. International drug traffickers are the ones who win."

Fujimori Rules Out Granting Amazon River Outlet to Ecuador

PA0503024295 Madrid EFE in Spanish 0015 GMT 5 Mar 95

[FBIS Translated Text] Lima, 4 Mar (EFE)—Today, Peruvian President Alberto Fujimori ruled out the possibility of granting Ecuador a "sovereign" outlet to the Amazon River through Peruvian territory, adding the Rio de Janeiro Protocol is "unchangeable."

In statements to Peruvian television, Fujimori said the treaty, which established limits between the two countries in 1942, does not mention a "sovereign outlet" for Ecuador, only that country's "free navigation" along the Amazon River.

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The Peruvian president thus answered recent statements given by his Ecuadoran counterpart, Sixto Duran-Ballen, who has said the solution to border disputes that provoked the recent Ecuadoran-Peruvian war is a "sovereign outlet" for his country to the Amazon basin.

Fujimori said: "The clauses of the Rio Protocol are clear, and the 1945 complementary arbitration is unchangeable, because unilateral treaties cannot be revised on a unilateral basis."

"The Protocol talks about free navigation, an issue with which Peru is fully willing to comply," he said.

According to Fujimori, the best guarantee to comply with the treaty "is the active presence of the Protocol's guarantor countries—Argentina, Brazil, Chile, and the United States."

He termed as "very important" the fact that Ecuador has changed its position from disowning the Peruvian-Ecuadoran border treaty after 35 years and said "an interesting road is now open" for Peru with this change.

"The current situation permits an addressing of the problem through the Protocol, which involves finishing the demarcation of 78 km along the border and ending constant tensions and conflicts with Ecuador," he added.

After saying this point is outlined by the declaration of the guarantor countries, issued with the Itamaraty Peace Declaration, Fujimori said Peru would not have signed the latter had it not been accompanied by the former.

On the cease-fire, the Peruvian president confirmed "there have been no clashes or skirmishes" for the past four days, and he said the injured soldiers being evacuated from the area of conflict at the source of the Cenepa River "are not the result of clashes."

Fujimori also said his government has had to make a disbursement of 100 million nuevos soles (approximately $50 million) to pay for conflict expenditures, outside the Armed Forces budget, an amount which he did not specify.

The amount expended, he said, "is manageable and in no way adversely affects the stability of our economic program," he said.

The additional expenditure was made primarily for the purchase of fuels, food rations, and the transportation of men and arms, the president said.

Fujimori said Peru would have to make a huge expenditure if it had to replace the equipment used in the undeclared 32-day war, but he said his government does not plan on making those replacements for the time being.

Army Head on Situation, New Military Region

PY0403042595 Lima Radio Programas del Peru Network in Spanish 1800 GMT 3 Mar 95

[Live telephone relay by Ismael Byron Horna from El Milagro military base]

[FBIS Translated Text] General Nicolas de Bari Hermoza Rios, Army commander and chairman of the Armed Forces Joint Command, has stated that for the past four days there have been no clashes with Ecuadoran troops on the borderline due to the cease-fire agreement signed in Montevideo.

The Army general, who participated in the military ceremony to install General Luis Perez Document, chief of staff of the Armed Forces Joint Command, as commander of the Sixth Military Region, said that the Fifth Jungle Infantry Division will not be transferred to Ciro Alegria base, but rather will be a component of the new Sixth Military Region.

Gen. de Bari Hermoza Rios said that the Joint Command will replace the weapons lost during the days of conflict and that the relatives of the soldiers who died in combat will receive payment of life insurance and other special bonuses amounting to 40,000 new soles.

[Begin recording] [De Bari Hermoza Rios] The Sixth Military Region was created due to operative and strategic reasons and to the current situation. Therefore, the decision is based on an exhaustive study that has been carried out for some time now by the Joint Command and the Army. Thus, we are now installing this important military region, which is very necessary to conduct military operations.

[Unidentified reporter] Will this new region have Air Force and Navy components, General?

[De Bari Hermoza Rios] Yes, the creation of a military region also responds basically to a mission and a mission responds, or better said, implies the creation of a theater, a theater of operations. That theater, in addition to having a strategic and operative mission, has a manuvering component formed by elements of the three Armed Forces. Therefore, this region will develop that criteria.

[Reporter] General, how long will the demilitarization process take? Is it a slow process that may take from 30 to 60 days?

[De Bari Hermoza Rios] That is concretely stipulated in the Itamaraty Peace Agreement. We are only in the first phase, that is, in the cease-fire phase. As we stated in the communique we issued last night, the observers, the delegates of the guarantor countries, are arriving at Watch Post 1 [PV1], in Peruvian territory, and in Coangos, in Ecuadoran territory, to fulfill this first phase, the cease-fire phase.

[Reporter] General, have you really not heard the Ecuadorean Army fire mortars, or other weapons?

[De Bari Hermoza Rios] When the Armed Forces issues an official communique, it is because it is saying what is really happening, and I once again confirm this information, not because a communique was issued, but because I have personally spent the last four days at PV1.

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[Reporter] But there have been some sporadic attacks by [words inditinct] disregarding the Ecuadoran Joint Command?

[De Bari Hermoza Rios] There has been no sporadic fighting nor artillery or mortar fire for the past four days.

[Reporter] [question indistict]

[De Bari Hermoza Rios] Completely.

[Reporter] Will more special troops be deployed to the conflict zone?

[De Bari Hermoza Rios] Do you mean to step up security? No. No. What we want is for this cease-fire to be fully implemented so that the guarantor countries will be able to supervise the separation of forces that will assemble in Coangos and at PV1.

[Reporter] Sir, what will become of the Fifth Infantry Division? Will it disappear, or will it remain where it is? Moreover, what will become of General Vladimir Lopez Trigoso? Will he really be General Perez Documet's right-hand man?

[De Bari Hermoza Rios] I have just sworn in the commanding general of the Sixth Military Region, that is, General Luis Perez Documet. The chief of staff or the second in command of this region is Gen Vladimiro Lopez Trigoso, to whom, taking advantage of this opportunity, I express the Army's gratitude and congratulate him, together with all of the members of his great unit, for the excellent job done this past month.

[Reporter] Does this mean the Fifth Division will [words indistinct] be transferred?

[De Bari Hermoza Rios] No, the Fifth Division will become the ground unit of this theater or region.

[Reporter] That means it will remain where it is?

[De Bari Hermoza Rios] It will remain where it is.

[Reporter]) That means that the Fifth Division will not be removed.

[De Bari Hermoza Rios] It will not be transferred anywhere. Quite the contrary; it will be reinforced.

[Reporter] It will be reinforced. There are many soldiers whose legs and arms have been mutilated. What is going to happen to them? What sort of aid will these brave soldiers receive?

[De Bari Hermoza Rios] In addition to what is stipulated by law, which is being loyally and strictly complied with by the various institutions, I think very good initiatives are being submitted to Congress designed to provide more help to their relatives.

[Reporter] Such as the payment of life insurance that amounts to 40,000 new soles.

[De Bari Hermoza Rios] It currently amounts to some 20,000 new soles.

[Reporter] But there are special bonuses, incentives, [words indistinct]

[De Bari Hermoza Rios] Promotions, and all those things, but I think Congress is looking into the possibility of some additional benefits.

[Reporter] Until the cease-fire was implemented, how many Peruvian soldiers were wounded?

[De Bari Hermoza Rios] I do not want to say because I do not have the exact information at hand, but I will inform you very precisely, as I have been doing so far. I will disclose the exact figures.

[Reporter] Is the Army going to replace what we have lost, the helicopters? Are new weapons, new vehicles going to be purchased?

[De Bari Hermoza Rios] That is what we wish to do. That is what we wish, and you may rest assured that the Armed Forces has not lost its operational capability, and what we have lost will have to be replaced.

[Reporter] Will the airports be open again to journalists so that we may go from this zone [words indistinct]

[De Bari Hermoza Rios] What I want you to understand is that the observers of the guarantor countries are starting their job. We must give them a framework of tranquillity; we must help make their job easy when they arrive on 6 or 8 March, and, according to their decisions, they themselves will be able to inform you as to how the peace process is developing. According to their decisions, you, too, will have access to the information. [end recording]

These were statements by the chairman of the Armed Forces Joint Command, General Nicolas de Bari Hermoza Rios.

After concluding his activities here, he left for Ciro Alegria base. More wounded soldiers from this military base have arrived in Valor airport. Approximately six wounded soldiers were taken in ambulances of the Social Security Service from Valor airport to El Milagro field hospital. The arrival of new Peruvian Navy troops, heavily armed with rifles with laser sights, was also registered here.

This was a report for Directo en Directo from El Milagro military base, where the temperature now is 35 degrees centigrade.

Military Spokesmen: War Does Not Affect Economy

PY0403023295 Lima Radio Programas del Peru Network in Spanish 2340 GMT 3 Mar 95

[Live telephone relay by Ismael Byron Horna from El Milagro military base in Bagua]

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[FBIS Translated Text] Military spokesmen of El Milagro military base said today that the conflict with Ecuador did not have a negative effect on the national economy despite the current process of reconstruction after 13 years of terrorism and subversion. The situation is different in Ecuador, which has not yet recovered from the war spending despite the taxes paid by the Ecuadoran people.

We would also like to report that the newly installed commander of the 6th Military Region, Division General Luis Perez Documet, paid a visit to the 40 wounded soldiers recovering in the field hospital installed by the Peruvian Social Security Institute at this military base. Perez conveyed to the wounded soldiers tranquillity and peace. We would also like to report that General Luis Perez is waiting for the first report of the advance military mission of the guarantor countries, expected to arrive at this military base early tomorrow after verifying the situation at Watch Post 1 and Cueva de los Tayos. In this regard, we are expecting information any time.

Human Rights Group: 11 Missing, 54 Detained in Ecuador

PY0403032695 Lima Global de Television Network in Spanish 0130 GMT 4 Mar 95

[FBIS Translated Excerpt] According to the Human Rights Association, there are 11 missing Peruvians in Ecuador, in addition to 54 arrested Peruvian citizens.

During a news conference organized by this association, relatives of Peruvians detained in Ecuador demanded the Peruvian Foreign Ministry's support and expeditious actions to repatriate their loved ones, most of whom are charged with espionage.

In referring to the conflict in Ecuador, the Pro-Human Rights Association maintains that to date there are allegedly 11 missing and more than 54 detained Peruvians in Ecuador, many of whom are charged with espionage, according to the association's president, Ricardo Soberon.

[Begin recording] [Soberon] It is quite obvious that the charge of espionage can be easily proven as mistaken if due process is started and the victims are guaranteed the right to defend themselves.

[Unidentified reporter] What are the various organizations doing about this?

[Soberon] We, as well as the relatives of each of these people, have individually submitted the charges to the OAS Inter-American Commission so that this commission, in turn, can ask the Ecuadoran Government for information on the situation and the whereabouts of these fellow countrymen. [end recording] [passage omitted]

Uruguay

New Economy Minister on Argentine Fiscal Adjustment

PY0303223095 Buenos Aires TELAM in Spanish 1635 GMT 2 Mar 95

[By TELAM correspondent in Montevideo]

[FBIS Translated Text] Montevideo, 2 Mar (TELAM-SNI)—The new Uruguayan economy minister, Luis Mosca, said on 2 March that Argentina's recent fiscal adjustment was to be expected, and that it would compel Uruguay to be very careful and to put state accounts in order.

Mosca took over as economy minister on 2 March, and said that the measures his Argentine counterpart Domingo Cavallo announced recently "were to be expected; the unexpected part was their timing because nobody thought they would be launched prior to the elections slated for 14 May."

According to the Uruguayan minister "this shows that the Convertibility Plan is being implemented with courage, conviction, and a clear sense of purpose."

He added: "This decision on the part of (Argentine President) Carlos Menem's administration is good news for Argentina, in the sense that every possible effort is being made to straighten out fiscal imbalances, and it is also an important sign for the Uruguayan economy."

Mosca stated: "Argentina has substantially increased its spending and has grown at a very high rate in the past few years. This has been very good for Uruguay."

He said: "Obviously, Uruguayan trade and services have also developed under the pressure of growing Argentine consumption."

Mosca explained that now Argentina "has moved into another phase which calls for more savings. The consequences of this are being felt in Uruguay already, and they are compelling us to be very careful and very orderly as far as state accounts are concerned."

He emphasized, however, that there are "encouraging signs for the Uruguayan economy, such as the steady increase of the prices of Uruguay's main export commodities, and the good sales to Brazil."

Cavallo announced the above-mentioned fiscal measures during a news conference on 27 February 1995.

Venezuela

Troops Deployed To Post Attacked by Guerrillas

PA0503220195 Paris AFP in Spanish 2033 GMT 5 Mar 95

[FBIS Translated Text] Caracas, 5 Mar (AFP)—Radio Caracas Radio (RCR) has announced that Venezuelan Air Force Hercules C-130 airplanes and Super Puma helicopters, with a considerable number of naval troops

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aboard, were deployed today to the riverside base in Cararabo, which was attacked a week ago by Colombian guerrillas.

RCR said the Venezuelan naval troops took "a great deal" of military equipment to the Cararabo base, which was attacked last Sunday by a column of Colombian guerrillas, resulting in the death of eight Venezuelan marines.

The station added that the Armed Forces have begun to implement President Rafael Caldera's decree, which creates a strategic theater of operations at the Apure State border.

On 27 February, Venezuelan ambassador to Colombia Abdon Vivas Teran warned that Colombian guerrillas might attack Paez Municipality, which is also in Apure and approximately 600 km southwest of Caracas, because of the strategic importance of its oil installations.

Analysts agree that the military reinforcement of the border is aimed not only at capturing the perpetrators of the massacre but at preventing new incursions by Colombian guerrillas.

Defense Minister: Colombia Responsible for Attack

PA0603001595 Caracas Venezolana de Television Network in Spanish 0200 GMT 4 Mar 95

[From "The News" newscast]

[FBIS Translated Text] Events at the Cararabo riverside base in Apure State has made the redefinition of the geopolitics and strategic lines of our borders imminent. The redefinition will prevent such remote parts of our territory from becoming targets for attacks by unconventional forces that claim Venezuelan lives. Venezuela is going to create a special security commando unit to prevent further attacks.

The 12 alleged guerrillas captured in the vicinity of Cararabo are now in custody of the Directorate of Military Intelligence in Puerto Ayacucho. They are believed to have been involved in last weekend's massacre in Apure.

This station reported as breaking news on Thursday that Defense Minister Moises Orozco Graterol had confirmed that alleged insurgents had been arrested near Cararabo and immediately transferred to Puerto Ayacucho for questioning as to the whereabouts of the Colombian guerrillas responsible for the massacre of the Venezuelan marines.

[Begin Orozco recording] They had no weapons at the time of their arrest. You must remember that guerrillas or bandits in this area act as a group. Once the crime is perpetrated, they bury their weapons. The detainees are people who were in the area, and we believe that some of them must be aware of what happened last Saturday. [end recording]

On 3 March the defense minister and a National Congress commission traveled to Guasdualito and Cararabo to meet with the president of the Colombian Congress, with whom they would continue to try to settle this tragic incident.

As this newscast comes to a close, Defense Minister Division General Moises Orozco Graterol and representatives from the congressional commissions on Defense, Domestic Policy, and Foreign Policy are visiting the Cararabo base in Apure State, where last Sunday eight Venezuelan marines were slain by Colombian guerrillas.

The defense minister and the congressmen were apprised by survivors about the events that took place that evening at the base. They subsequently inspected the damage done by the guerrilla attack. Gen. Orozco Graterol said the Colombian state is directly responsible for subversive attacks on Venezuelan territory.

[Begin Orozco recording] Venezuela places full blame on the Colombian Government for the incident here in Cararabo, where eight of our marines were despicably murdered. We have signed agreements and pacts, we have held talks on many occasions, and they have offered to provide the Venezuelan state with military and police patrols to control the area we have been inspecting. These patrols, however, have never materialized. Colombian bandits operating out of Colombian territory have always attacked our troops, cattle ranchers, and landowners. They then cross this river with impunity. On the other side they are afforded protection and, I would add, cooperation. Therefore, we often feel powerless to act because of the other side's failure to carry out what we could view as the same military activity we carry out in our territory. [end recording]

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